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No. 544

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# Supreme Court of the United States

OCTOBER 1935 TERM

THE PACIFIC TELEPHONE AND TELEGRAPH COMPANY, a corporation,

*Appellant,*

VS.

THE TAX COMMISSION OF THE STATE OF WASHINGTON, and T. S. HEDGES and T. M. JENNER, as Members of the Tax Commission of the State of Washington,

*Appellees.*

APPEAL FROM THE SUPREME COURT OF THE STATE OF WASHINGTON

## BRIEF OF AMICI CURIAE

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WALTER L. BAUMGARTNER,
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APPEAL FROM THE SUPREME COURT OF THE STATE OF WASHINGTON

## BRIEF OF AMICI CURIAE

In this suit to enjoin the enforcement of Chapter 191 of the 1933 Session Laws of the State of Washington there is raised the fundamental question whether a state can, consistently with the commerce clause of the Federal Constitution, impose an occupation tax upon the intrastate business of a telephone and telegraph company engaged in both intrastate and interstate commerce by means of the same plant, equipment, facilities and personnel, and regulated by the laws of the State, as a common carrier of

intelligence. If it is found that the State has no such power, it follows, of course, that its political subdivisions are equally without power.

Consequently a motion has been made and submitted herein by the undersigned attorneys for The City of Seattle, that they be granted leave to appear as *amici curiae*, file a brief and participate in the oral argument of this cause, the attorneys for the appellees having consented to the use of a portion of their time for argument. The motion is supported by the affidavit of Mr. Charles L. Smith, Mayor of The City of Seattle, in which the following matters appear:

The City of Seattle is a municipal corporation of the State of Washington and the largest city therein. By its Ordinance No. 62662, as amended, the City levied upon various persons, firms and corporations, including the appellant herein, an occupation tax similar in substance and effect to the taxes imposed by the State of Washington by Chapter 191, Session Laws of 1933. The validity of the ordinance was considered and sustained by this court in a cause entitled *Pacific Telephone & Telegraph Co. v. Seattle*, reported in 291 U. S. 200, 78 L. ed. 810, and in a cause entitled *Puget Sound Power & Light Co. v. Seattle*, reported in 291 U. S. 619, 78 L. ed. 1025.

However, in neither cause was the ordinance assailed as being in violation of the commerce clause, but as appears from the said affidavit, that ground of invalidity is now being asserted against it.

The City's interest in the event of the case at bar is, therefore, obvious.

In a prior appeal of this suit to the Washington State Supreme Court, the decision in which is reported in 180 Wash. 673, the undersigned attorneys for the City of Seattle participated as *amici curiae* both by the filing of briefs and by oral argument. In such prior appeal, the fundamental question here for determination was treated by the parties on its merits, but no decision was then rendered thereon.

While the City has not similarly taxed steam railways, it is nevertheless vitally interested in the questions presented by the appeals in the railway cases companion to this: *Great Northern Ry. Co. v. State*, No. 573, and *Northern Pacific Ry. Co. v. State*, No. 529. For this reason and for the further reason that the three causes have in the course of events become "inseparably commingled" and treated as "mutually dependent", especially by the State's adversaries who make common cause against the statute, we take the liberty of discussing issues presented by the railways. We trust that in so doing we are not exceeding the bounds of the grace of this court by which we have already gained its ear.

## STATEMENT

On March 21, 1933, effective immediately, the State of Washington adopted Chap. 191, Session Laws of 1933, levying occupation taxes upon most of the business activities carried on within the State. Pertinent features of the Act follow:

Section 2(2) provides that from and after the

first day of August, 1933, and until the 31st day of July, 1935, there is levied upon and to be collected from every person (defined in Section 1(4) to include individuals, firms, co-partnerships, corporations and other associations) an annual excise tax for the privilege of engaging in business activities, measured by the application of various specified rates against values, gross proceeds of sales, or gross income, as the case might be.

In Section 2, the business activities are broadly classified as (a) extractive function; (b) manufacturing or producing function; (c) wholesaling or jobbing function; (d) function of retail distribution; (e) performing and rendering services.

(a) Extractive functions are taxed as follows: I. Coal, 3/10 of 1% of the value of the coal mined; II. Oil, 1%; III. Natural gas, 1%; IV. Metal, stone, sand, etc., 3/10 of 1%; V. Timber, 3/4 of 1%; VI. Fish and sea foods, 3/10 of 1%; VII. All other extractive products, 3/10 of 1%.

(b) Manuacturing, compounding, etc., 1/4 of 1% of the value of the products.

(c) Wholesaling of tangible property, real or personal, 2/10 of 1% of gross proceeds of sales.

(d) Retailing real or personal tangible property, 5/10 of 1% of gross proceeds of sales.

(e) Performing or rendering of services: I. 4/10 of 1% of gross income; II. Stock brokers, 2%; III. *Steam railways*, 1½% of gross income; IV. Electric interurban and street railways, including urban motor carriers, 5/10 of 1%; V. Light and power companies,

3%; VI. *Telephone and telegraph companies*, 3%; VII. Water companies, 3%; VIII. Gas companies, 2%; IX. Express companies, 2%; X. Car companies, 2%; XI. Highway motor carriers, 1½%; XII. All other public service companies and utilities, 1½%; XIII. Finance companies, 2%.

By a separate paragraph of this subdivision (e), the provisions thereof were made applicable to political subdivisions of the State engaging in any of the activities named.

While this is not a complete list of the activities taxed, it will serve to show the character and extent of the Act.

> "Sec. 3. If any person shall engage or continue in any business or the performance of any function for which a privilege tax is imposed by this Act, he shall be deemed to have applied for and to have duly obtained from the State of Washington a license under this Act to engage in and to conduct such business or perform such function for the current tax year, upon the condition that he shall pay the tax accruing to the State of Washington under the provisions of this Act; and he shall hereby be duly licensed to engage in and conduct such business or perform such a function."

Section 5 provides that in computing the amount of any tax imposed under certain mentioned subdivisions, including subdivision 2(e) of Section 2, which includes railways and telephone companies, there shall be excluded from gross proceeds of sales or gross income so much thereof as is derived from sales of

property shipped to points outside the State, from sales to the Federal Government or to the State of Washington, or from business which the State is prohibited from taxing by its Constitution, or the Constiution or laws of the United States.

Section 6 provides in part as follows:

> "The taxes imposed hereunder shall be due and payable in monthly installments on or before the fifteenth day of the month *next succeeding the month in which the tax accrued.* The taxpayer, on or before the said fifteenth day of the month, shall make out a return, upon such forms and setting forth such information as the tax commission may require, showing his estimate of the amount of the tax for which he is liable for the preceding month, sign and transmit the same to the tax commission, *together with a remittance for said amount* in the form required by section 20 of this Act."

The section further provides that the tax commission for cause shown may extend the time for making and filing returns for a period not exceeding one month.

Section 7 provides for the making and filing of annual returns, for the deduction from the amount of the tax shown by such return of the amounts paid monthly during the course of the year.

Section 8 provides for the correction of errors and for the making of adjustments, and also for the refunding of any recovery granted by any court in a suit by the taxpayer.

Section 10 provides that in case of failure to make

the required return, the tax commission shall, upon such information as is available to it, make an assessment against the delinquent and add a penalty of 10% for such failure and a further penalty of 1% per month of the amount of the tax for each 30 days of delinquency.

Section 14 provides for a hearing before the tax commission concerning the amount of the tax assessed against any taxpayer and for subsequent appeals to the superior and supreme courts of the State.

Section 15 provides that if any tax, increase or penalty or any portion thereof imposed by the Act be not paid within 15 days after due, the tax commission shall issue a warrant directed either to the sheriff of a county or to an agent of the commission commanding him to levy upon and sell the real or personal property of the taxpayer, or so much thereof as may be necessary, for the payment of the amount shown in the warrant. Filing the warrant with the clerk of the superior court of the taxpayer's county, results in a lien upon the taxpayer's interest in real and personal property.

> "Sec. 16. Any tax due and unpaid under this Act and all increases and penalties thereon shall constitute a debt due the State of Washington and may be collected by court proceedings in the same manner as any other debt in like amount, which remedy shall be in addition to any and all other existing remedies. In case of insolvency or bankruptcy proceedings said tax and all increases and penalties thereon shall have the same pri-

ority as other taxes of the State of Washington in such proceedings."

"Sec. 17. Any person against whom a tax shall have been imposed as herein provided may be restrained and enjoined, upon the order of the tax commission by proceedings instituted by the attorney general in the name of the State of Washington in the superior court of the county in which the taxpayer resides or in which he has his principal place of business, from engaging and/or continuing in any business for which a privilege tax is required by the provisions of this Act, until such tax shall have been paid and/or until such person shall have complied with the provisions of this Act."

Section 21 makes disposition of the tax moneys collected, $12,500,000 per annum thereof to be deposited to the current state school fund.

"Sec. 23. It shall be unlawful for any person to fail or refuse to obtain the license or to fail or refuse to make any return provided for in this Act; * * *"

The remainder of the section penalizes false returns, abetting evasion of the tax, refusal to permit examination of books and records and of property, refusal to testify, etc. Any violation of the section is denounced as a gross misdemeanor and punishable as such.

"Sec. 30. If any clause, sentence, paragraph, subdivision, section or part of this Act shall for any reason be adjudged invalid, such judgment shall not affect, impair, or invalidate the remain-

der of the Act, but shall be confined in its operation to the clause, sentence, paragraph, subdivision, section or part thereof directly involved in the controversy in which such judgment shall have been rendered. * * *"

In *State ex rel. Stiner v. Yelle*, 174 Wash. 402, 25 Pac. (2d) 91, the Washington Supreme Court declared the taxes levied as above shown to be excises upon occupations and businesses.

"After an exhaustive study of the cases, we are well satisfied that this is not a property tax, even under the broad and all inclusive terms of our constitution. * * * To hold otherwise would render it exceedingly difficult, if not impossible, to sustain any excise tax.

"It is true that the constitution defines property as anything subject to ownership and, in a sense, one's business and its earnings are owned by him, but the privilege of engaging in business and gainful pursuits under the protection of our laws is something which must and does exist before the business can be established, and something far and away beyond and above the mere ownership of a business. Man in a state of nature gained his sustenance by his strength or cunning, or both, and that which he so gained might, and no doubt often was, taken from him before he could use and enjoy it by someone stronger and more cunning. Hence, the established state enacted laws for the protection of human rights, the rights of property, and to prevent the weak or the credulous from becoming the helpless vic-

tims of the force or fraud of the strong and the cunning.

"Peace officers and courts, among many other things, were established to this end, and every citizen is now measurably safe in pursuing any gainful occupation with the expectation that he will be by the state fully protected and made secure in his property investment, and also in his gains therefrom. This is the privilege, far above mere property, which it is now sought to tax to the end that it may pay, in some part, its fair share of the cost to the state of its creation and continuance.

"* * * These (authorities) seem sufficient to decisively determine that we are now dealing with an excise tax and not with a tax on property."

The Act has been sustained by that court against attacks upon various grounds in *Cascade Tel. Co. v. Tax Com.* 176 Wash. 616, 30 Pac. (2d) 976; *Tacoma v. Tax Com.*, 177 Wash. 604, 33 Pac. (2d) 899; *Supply Laundry Co. v. Jenner*, 178 Wash. 72, 34 Pac. (2d) 363. Moreover, it has been sustained by a statutory three-judge court convoked under Section 266 of the Judicial Code in *Chicago & St. Paul etc. Co. v. Hedges*, 5 Fed. Sup. 752, over the same objections urged here.

The record shows that the Telephone Company's gross operating intrastate revenues for the year 1933 were $9,230,873; its gross interstate revenues, $923,420, total $10,154,294 (R. 106, Ex. 12). Its intrastate revenues are almost exactly ten times as great

as its interstate revenues. Its tax for the last five months of the year 1933, the tax having commenced to accrue only on August 1st of that year, is approximately $112,251 (R. 131-140).

The record in Cause No. 573 shows that the Great Northern's intrastate gross operating revenues for 1933 were $2,179,760; for the last five months of that year, after allowable deductions, $865,889; the tax thereon, at 1½%, $12,988, all as found by the trial court (R. 61, 59).

The record in Cause No. 529 shows that, as found by the trial court, the Northern Pacific's intrastate gross operating revenues for 1933 were $5,685,759 (R. 44); for the last five months of 1933, after allowable deductions, $2,407,747; the tax thereon, $35,116 (R. 34).

The Telephone Company is without competition in its telephone business in the field covered by its lines (R. 68). It concedes in its complaint (Par. VII, R. 4) that it is making a return of 1.75% upon the undepreciated value of its property as shown by its books.

The trial court found that the Northern Pacific sustained a net deficit on its intrastate operations for 1933 of $192,507 (R. 43, 44); the Great Northern a net deficit of $99,269 (R. 60, 61). The State challenges these figures.

The Railroad appellants made no attempt to increase their rates and charges in order to meet the tax (N. P. Rec. 154, G. N. Rec. 200). The failure of the Telephone Company to deny allegations in appellees' answer establishes admission that it sought no increased rates (Ans. ¶ XVI, R. 13).

## SUMMARY OF ARGUMENT

Notwithstanding the appellants' inability to withdraw from intrastate business without also withdrawing from interstate business, the tax imposed upon them by Chapter 191, Laws of Washington, 1933, does not contravene the Constitution.

The tax is not a license tax but an occupation tax. Since the Act prescribes no conditions precedent, it is not an invasion of the commerce power.

Even though a carrier engaged in both local and interstate commerce cannot withdraw from the former without also withdrawing from the latter, the fact that it is earning less than a fair return on the fair value of its property in its domestic business or the mere fact of financial loss in local business for a limited period, does not condemn a state occupation tax as violative of either the commerce or due process clauses.

The tax in this case is exacted only on account of intrastate activities, does not discriminate against interstate commerce or those engaged in it, and does not necessarily, as applied to the appellants, directly affect interstate commerce. The appellants' domestic business being in each case substantial and the amount of the tax being graduated according to the business done by taking a small percentage of gross income, the Act is not open to the objection that it is a thinly disguised effort to reach interstate business or property outside the State.

## ARGUMENT

**Notwithstanding the Appellants' inability to withdraw from intrastate business without also withdrawing from interstate business, the tax imposed upon them by Ch. 191, Laws of Washington, 1933, does not contravene the Constitution.**

The Telephone Company, as its sole ground, and the Railroad Companies, upon one ground, maintain that since they are unable to withdraw from local business, either as a matter of law or as a matter of fact, without also retiring from their interstate business, the taxing act operates as an invasion of the commerce power of Congress. Conceding, for the purpose of argument, their inability as claimed, such a challenge demands, first, an ascertainment of the character of the tax and, second, whether it runs counter to the commerce clause.

**The tax is not a license tax but an occupation tax**

The State Supreme Court held in the cases at bar (83 Wash. Dec. (Adv. Ops.) 52, 55, 67) that the tax is concerned only with intrastate business and measured solely upon the gross revenues from that business.

It is not a property tax.

*State ex rel. Stiner v. Yelle*, 174 Wash. 402, 406, 25 Pac. (2d) 91;

*Choctaw O. & G. R. Co. v. Harrison*, 235 U. S. 292, 299, 59 L. ed. 234, 237;

*Ohio Tax Cases*, 232 U. S. 576, 593, 594, 58 L. ed. 737, 746.

It is not a tax upon gross receipts as such, but one upon an occupation measured by gross receipts.

*Maine v. Grand Tr. Ry. Co.*, 142 U. S. 217, 229, 35 L. ed. 994, 996;

*Educational Films Corp. v. Ward*, 282 U. S. 379, 75 L. ed. 400.

Speaking of a similar tax in the *Grand Trunk* case, this court said:

> "There is no levy by the statute on the receipts themselves, either in form or fact; they constitute, as said above, simply the means of ascertaining the value of the privilege conferred."

It is obviously not a tax on the exercise of corporate franchises, since it applies equally to individuals and co-partnerships.

It is not a license *fee*, because not imposed in the exercise of the police power.

*Pac. Tel. & Tel. Co. v. Seattle*, 172 Wash. 649, 21 Pac. (2d) 721.

The State Supreme Court there said:

> "A license is granted under the police power; an excise is imposed under the taxing power. The former is essentially not a tax at all. 1 Cooley, Taxation (4th ed.), § 26.
>
> " 'The distinction between a demand of money under the police power and one made under the power to tax is not so much one of form as of substance. The proceedings may be the same in the two cases, although the purpose is essentially different. The one is made for regulation and the other for revenue. If for regulation, it is an exercise of the police power while if for revenue, it is an exercise of the taxing power.' 1 Cooley, Taxation (4th ed.), § 27."

It is not a license *tax* upon the *privilege* of engaging in business or pursuing a calling but is, rather, a tax upon the exercise of the inherent right to engage in business or pursue a calling. This is so because the act does not require, as a condition precedent, the procurement of a license or the payment of the tax.

The State Court's characterization of the tax is gained from the following excerpts from its opinion:

> "There is a difference between a tax imposed as a license to do business or upon the instrumentality and a tax based upon the gross income. If the tax be a license tax or one upon the instrumentality, it necessarily inheres in the interstate as well as the intrastate business. * * * The tax there (*East Ohio Gas Co. v. State Tax Comm.*, 283 U. S. 465) involved was not one upon the instrumentality or a license tax, but was an excise or a tax upon the privilege of doing business. * * * We do not look upon cases which involve either a tax upon instrumentalities or a license tax as applicable to the law now in question, which imposes, as already indicated, an excise or tax on the privilege of engaging or continuing in business." (Pac. Tel. R. 152, 156, 158.)

The State Court has denominated the tax as one upon privileges. Strictly speaking, it is not a tax upon privileges, because no condition has been imposed which must be fulfilled before commencing or continuing in business; that is to say, the State has not, for the purpose of taxing business activities, declared them to be unlawful unless licensed. It is a

familiar rule in this court that the form given to, or the characterization of, a tax by the state authorities, while entitled to weight, is not binding upon this court. In *Wagner v. Covington*, 251 U. S. 95, 102, 64 L. ed. 157, 167, Justice Pitney wrote:

> "* * * it hardly is necessary to repeat that when this court is called upon to test a state tax by the provisions of the Constitution of the United States, our decision must depend not upon the form of the taxing scheme, or any characterization of it adopted by the courts of the state, but rather upon the practical operation and effect of the tax as applied and enforced. The state court could not render valid, by misdescribing it, a tax law which in substance and effect was repugnant to the Federal Constitution; neither can it render unconstitutional a tax that, in its actual effect, violates no constitutional provision, by inaccurately defining it."

See also:

*Schuylkill Tr. Co. v. Commonwealth*, ..... U. S. ....., 80 L. ed. (Adv. Ops.) 15, 18;
*Educational Films Corp. v. Ward*, 282 U. S. 379, 387, 75 L. ed. 400, 404.

Judge Cooley, in "The Law of Taxation," Vol. 4 (4th ed.), § 1688, p. 3396, states the distinction thus:

> "License and tax do not necessarily go together; a license may be required when no tax is imposed, and an unconditional license does not exempt the licensee from being taxed upon the privilege it gives him. In this particular, all

valuable privileges stand upon the same footing; they are all liable to taxation at the will of the state, unless the state has bargained to exempt them. As is said in one case, (*Home Ins. Co. v. Augusta*, 50 Ga. 530, 537), 'There is a clear distinction recognized between a license granted or required as a condition precedent, before a certain thing can be done, and a tax assessed on the business which that license may authorize one to engage in. A license is a right granted by some competent authority to do an act which, without such authority, would be illegal. A tax is a rate or sum of money assessed upon the person, property, etc., of the citizen.'"

And in § 1716, p. 3434:

"When the tax takes the form of a tax on the privilege of following an employment, convenience in collection will commonly dictate the requirement of a license, and the person taxed will be compelled to pay the tax as a condition to the right to carry on the business at all. (Citing *License Tax Cases*, 5 Wall. (U. S.) 462, 18 L. ed. 497). This distinguishes such a case from one of neglect to pay taxes in general; for except where payment is thus made a condition to the right to transact business, a default therein cannot affect the validity of business transactions."

And in § 1717, p. 3436:

"Occupation taxes are sometimes collectible by suit, as a debt, but payment is sometimes required in advance as a condition to the issuance of a license."

The author continues, in § 1800, p. 3534:

> "A license is a privilege granted by the state, usually on payment of a valuable consideration, though this is not essential. To constitute a privilege the grant must confer authority to do something which without the grant would be illegal; for if what is to be done under the license is open to everyone without it, the grant would be merely idle and nugatory, conferring no privilege whatever. But the thing to be done may be something lawful in itself, and only prohibited for the purposes of the license; that is to say, prohibited in order to compel the taking out of a license. This is always the case where that which is licensed was not unlawful at the common law."

This distinction was acted upon in *Portland v. Portland Ry., etc. Co.*, 80 Ore. 271, 156 Pac. 1058, where the Oregon Supreme Court under a city charter provision authorizing the levy of license taxes denied the power of the city to levy occupation taxes without the requirement of a license.

In *License Tax Cases*, 5 Wall (U.S.) 462, 470, 18 L. ed. 497, 500, this court explained the significance of a Federal license tax required by the Government of all persons who operated lotteries or engaged in the liquor business when the license was issued for use in a state which prohibited the activity licensed.

See also:

*Home Insurance Co. v. Augusta*, 93 U. S. 116, 23 L. ed. 825;

*Royall v. Virginia*, 116 U. S. 572, 29 L. ed. 735;

*State v. Aitkin*, 61 Neb. 490, 85 N. W. 395.

The salient features of the taxing act under review have been set forth hereinabove. An examination of the entire act fails to reveal the requirement of a license or the payment of the tax as conditions precedent. The nearest approach is in Section 3 which provides that if any person engages or continues in any business for which a tax is imposed he shall be deemed to have applied for and to have duly obtained from the state a license upon the condition that he will pay the tax accruing to the state, whereupon "he shall hereby be duly licensed to engage in and conduct such business or perform such function."

Section 23 makes it unlawful for any person to fail or refuse to obtain the license or to fail or refuse to make any return provided for in the act. It is not necessary for anyone in order to conduct his business lawfully under the terms of the act to do anything. The penalty for failing to obtain a license which is not required is mere surplusage.

On the contrary, the tax being measured by income from business of the current year, the act presupposes the doing of business and the accrual of income before a return thereon is to be made as provided in Section 6. A return is made showing the business for the previous month and again at the end of the year for the year. Under Section 10, if no return is made, the tax commission, from such information as is available to it, is authorized to assess the amount of the tax.

But it is said that by Section 17 any person against whom a tax has been imposed may be enjoined from continuing in business until the tax has been paid or

until he has complied with the provisions of the act in proceedings instituted by the Attorney General upon the order of the tax commission. However, there is no positive command in the section that such proceedings be had; it merely authorizes them upon order of the commission. But neither such remedy to collect the tax nor any penalty imposed by the act is to be considered here in determining whether the act violates the commerce clause, for the reason that such remedies, if exercised to the point of interference with interstate commerce, may in themselves be invalid, and being separable from the balance of the act, may be disregarded.

*Ohio Tax Cases*, 232 U. S. 576, 58 L. ed. 737;
*W. U. Tel. Co. v. Richmond*, 224 U. S. 160, 172, 56 L. ed. 710, 717;
*W. U. Tel. Co. v. Attorney General*, 125 U. S. 530, 554, 31 L. ed. 790, 795.

In the *Richmond* case, we find this:

> "It does not look as if the penalties in this ordinance (which were heavy) were established with a view to prevent the appellant from resorting to the Federal Courts, nor do we apprehend that an attempt will be made to enforce them with respect to the past. But the penalties are separable from the rest of the ordinance, and if an oppressive application of them should be attempted, it will be time enough then for the appellant to file its bill."

In the case against the *Attorney General, supra*, the United States Circuit Court had granted an injunction, pursuant to the provisions of the statutes of

the State of Massachusetts, commanding the Company to desist from prosecution of the telegraph business until taxes due the state should be fully paid with interest. Ruling that the statute in authorizing injunction in such a case was invalid, this court observed:

> "The injunction in this case though ordered by a Circuit Court of the United States, is only granted by virtue of Section 54 of Chapter 13 of the Public Statutes of Massachusetts. If this statute is void, as we think it is, so far as it prescribes this injunction as a remedy to enforce the collection of its taxes by the decree of the court awarding it, the injunction is erroneous.
>
> "In holding this portion," of Section 54, "to be void as applicable to this case, we do not deprive the state of the power to assess and collect the tax. If a resort to a judicial proceeding to collect it is deemed expedient, there remains to the court all the ordinary means of enforcing its judgment — executions, sequestration and any other appropriate remedy in chancery."

**The act prescribing no conditions precedent is not an invasion of the commerce power.**

> "The burden is upon appellant to show that enforcement of the act operates to prejudice interstate carriage of passengers." *Interstate Busses Corp. v. Holyoke Street Ry. Co.*, 273 U. S. 45, 51, 71 L. ed. 530, 534.

Unlike a charge which is a direct burden on inter-

state commerce (*Interstate Transit v. Lindsey*, 283 U. S. 183, 186, 75 L. ed. 953, 965) in which case the presumption of validity seems not to obtain and unless the invalidity of the act is apparent upon its face, the burden of proving it so devolves upon its assailants.

*Railway Express Agency v. Virginia*, 282, U. S. 440, 444, 75 L. ed. 450, 452;

*Postal Tel. Co. v. Fremont*, 255 U. S. 124, 65 L. ed. 545;

*Postal Tel. Co. v. Richmond*, 249 U. S. 252, 63 L. ed. 590;

*Williams v. Talladega*, 226 U. S. 404, 57 L. ed. 275.

To meet this burden, both the Telephone Company and the Railroad Companies assert that they are unable to withdraw from their local activities without also withdrawing from their interstate activities. This, they say, is true because under the State Constitution and laws they are compelled to furnish local service and because their intra and interstate businesses are inseparably commingled and mutually dependent, being conducted by the same instrumentalities, facilities, equipment and personnel. They have failed to show, however, wherein the taxing act, conditions precedent absent therefrom, results under those circumstances in a burden upon interstate commerce. With the Railroads' assertion of losses in intrastate operations, we deal later.

We think, however, that they misconceive the office of the rule upon which they rely, which stated broadly in *Sprout v. South Bend*, 277 U. S. 163, 171, 72 L. ed.

833, 837, and repeated in similar form in *East Ohio Gas Co. v. Tax Com.*, 283 U. S. 465, 470, 75 L. ed. 1171, 1174, and *Cooney v. Mountain States Tel. & Tel. Co.*, 294 U. S. 384, 79 L. ed. 934, is as follows:

> "But in order that the fee or tax shall be valid, it must appear that it is imposed solely on account of the intrastate business; that the amount exacted is not increased because of the interstate business done; that one engaged exclusively in interstate commerce would not be subject to the imposition; *and that the person taxed could discontinue the intrastate business without withdrawing also from the interstate business.*"

It is admitted, of course, that the tax in hand meets all of the tests so stated except the last. We admit, only for the purposes of the argument, that the appellants are, as alleged, unable to withdraw. Even under the assumption we submit that the tax is valid, for that under the circumstances, and aside from assumed losses by the Railroads, the statute is not to be condemned by the application of any artificial rule. Mr. Justice Hughes, in *Kansas City, etc., R. Co. v. Botkin*, 240 U. S. 227, 233, 60 L. ed. 617, 619, wrote:

> "We have recently had occasion (*Baltic Min. Co. v. Mass.*, 231 U. S. 68, 83, 58 L. ed. 127, 133 * * *) to emphasize the necessary caution that 'every case involving the validity of a tax must be decided upon its own facts;' *and if the tax purports to be laid upon a subject within the taxing power of the state, it is not to be condemned by the application of any artificial rule,*

but only where the conclusion is required that its necessary operation and effect is to make it a prohibited exaction."

The application of the ability to discontinue rule, as contended for by the appellants, is certainly artificial without a further and sufficient showing of the adverse effect of the act upon interstate business. The procurement of a license or the payment of a tax as a condition precedent to engaging in or continuing a lawful intrastate business is in a constitutional sense an infringement upon the jurisdiction of Congress under the conditions here assumed, for in such a requirement the State seeks in effect to outlaw, and to compel the discontinuance of, both kinds of commerce.

Corporate franchise taxes may be exacted by a state if properly measured, it is said in *Postal Teleg. Co. v. Adams*, 155 U. S. 688, 696, 39 L. ed. 311, 315, "if payment be not made a condition precedent to the right to carry on the business, but its enforcement left to the ordinary means devised for the collection of taxes."

*St. Louis etc. R. Co. v. Arkansas*, 235 U. S. 350, 364, 59 L. ed. 265, 272.

In *Interstate Busses Corp. v. Holyoke St. Ry. Co.*, 273 U. S. 45, 71 L. ed. 530, this court sustained a law of Massachusetts requiring as conditions precedent to the intrastate operation of motor passenger carriers a license and certificate of convenience and necessity as applied to a motor bus operator carrying passengers both locally and interstate. It carried both classes of passengers in the same busses and over a part of its route conducted its business similarly to that of a

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street railway, thus coming in competition with the Holyoke street railway, which continually interfered with the operation of the busses by having the agents and employees arrested and prosecuted for violation of the said law. The suit was for an injunction to restrain the railway company from further interference, the main contention being that the law transgressed the commerce clause. Mr. Justice Butler, speaking for the court, said:

> "If as applied it directly interferes with or burdens appellant's interstate commerce, it cannot be sustained, regardless of the purpose for which it was passed. * * * No licenses from local authorities or certificate of public convenience and necessity is required in respect of transportation that is exclusively interstate. * * * The burden is upon appellant to show that enforcement of the act operates to prejudice interstate carriage of passengers. The stipulated facts do not so indicate. The threatened enforcement is to prevent appellant from carrying intrastate passengers without license over that part of its route which is parallel to the street railway. Its right to use the highways between Springfield and Hartford is not in controversy. While it appears that in Massachusetts both classes of passengers are carried in the same vehicles, it is not shown what part of the total number are intrastate or interstate. The record contains no information as to the number of persons, if any, traveling in interstate commerce on appellant's busses over the part of the route competing with the street

railway. It is not shown that the two classes of business are so commingled that the separation of one from the other is not reasonably practicable or that appellant's interstate passengers may not be carried efficiently and economically in busses used exclusively for that purpose, or that appellant's interstate business is dependent in any degree upon the local business in question. Appellant may not evade the act by the mere linking of its intrastate transportation to its interstate or by the unnecessary transportation of both classes by means of the same instrumentalities and employees. The appellant relies on *Western U. Teleg. Co. v. Kansas*, 216 U. S. 1, 54 L. ed. 355, 30 Sup. Ct. Rep. 190, and *Pullman Co. v. Kansas*, 216 U. S. 56, 54 L. ed. 378, 30 Sup. Ct. Rep. 232. But there the state was using its authority as a means to accomplish a result beyond its constitutional power.

"There is no support for the contention that the enforcement of the act deprives it of its property without due process of law." (273 U. S. 50, 51)

The appellants in the case at bar have made diligent effort to present records which are not lacking in the essentials above mentioned, deeming the decision conclusive of the fate of the tax. They overlook the controlling consideration in that case—that if the two classes of business were inseparable, the State could not in enforcing conditions precedent compel the discontinuance of the local business without also interfering with that which was interstate.

Similar in legal effect are:

*Pickard v. Pullman Co.*, 117 U. S. 34, 29 L. ed. 785;

*Allen v. Pullman Co.*, 191 U. S. 171, 48 L. ed. 134;

*Kehrer v. Stewart*, 197 U. S. 60, 49 L. ed. 663;

*Barrett (Adams Express) v. New York*, 232 U. S. 14, 58 L. ed. 483;

*Bowman v. Continental Oil Co.*, 256 U. S. 642, 65 L. ed. 1139;

*Raley & Bros. v. Richardson*, 264 U. S. 157, 68 L. ed. 615;

*Sprout v. South Bend*, 277 U. S. 163, 72 L. ed. 833.

The *Barrett* case, *supra*, is an instance where the City of New York, by ordinance, required licenses for engaging in the express business, the fee five dollars per annum per wagon, and licenses of drivers of licensed vehicles at fifty cents per year. A bond of one hundred dollars was also required for every licensed vehicle. In number of packages, the company's business was 98% interstate and 2% intrastate, carried indiscriminately by the same wagons and men. Previous to the suit, the company had secured licenses for twenty wagons and drivers in one year and for forty wagons and drivers for a number of years without prejudice to its claim of entire immunity. Labor troubles having arisen, the city officials undertook to enforce the ordinance against unlicensed drivers and to put off the streets all unlicensed vehicles. They asserted the right to enforce the ordinance against all vehicles, whether engaged in interstate commerce or

not, upon the ground that the regulations imposed were police and such as were proper for a state to adopt. The Circuit Court held a portion of the ordinance void, but valid as to the payment of the license fees. This court, upon appeal, reversed and sent the cause back with instructions to enjoin enforcement of the ordinance with respect to the company's *interstate* business. The present Chief Justice wrote the court's opinion, in which he emphasized that the ordinance, as construed and enforced by the city officials, licensed the entire business of express companies, measuring the fees by the number of vehicles, regardless of their employment in interstate commerce. He stated (232 U. S. pp. 32, 34):

> "The right of public control, in requiring such license, is asserted by virtue of the character of the employment; but while such a requirement may be proper in the case of local or intrastate business, it cannot be justified as a prerequisite to the conduct of the business that is interstate. * * * It would seem to follow, necessarily, that the annual license fees prescribed by § 308 (*ante* p. 205, Note) cannot be exacted, so far as the interstate business is concerned. * * * The sums fixed 'for each express wagon' and 'for each driver' measure the amount to be exacted for the granting of the license required for the carrying on of business. And it is difficult to see how the payment can be enforced as to the interstate business if the taking out of the license therefor can not be compelled. * * * We conclude that the complainant was entitled to an injunction re-

straining the enforcement of the ordinances in question against the company with respect to the conduct of its interstate business and its wagons and drivers employed in interstate commerce."

We see no comfort in this case for the appellants, since the local business was small and could have been abandoned without any effect upon interstate commerce. On the contrary, it sustains the proposition that a license may not be required where its exaction interferes with commerce among the states.

*Bowman v. Continental Oil Co.*, 256 U. S. 642, 65 L. ed. 1139, *supra*, relied upon by the appellants, lends further support to our proposition. There, the State of New Mexico required of distributors and dealers in gasoline an excise tax of two cents for each gallon of gasoline sold or used and an annual *license tax* of fifty dollars for each distributing station or place of business. Because the state, in the enforcement of the act, could discriminate between the gasoline sold in original packages (the original package doctrine as here applied was abandoned in *Sonneborn Bros. v. Cureton*, 262 U. S. 506, 67 L. ed. 1095) and that sold after breaking of the package, the gallonage tax was approved. The license tax upon the distributing stations was held void because both interstate and intrastate business was there conducted. Mr. Justice Pitney stated for the court (256 U. S. 647, 648):

"The act, in its second section, requires every distributor of gasoline to pay an annual license tax of $50.00 for each distributing station or place of business or agency; *requires it to be paid*

*in advance; and renders it unlawful to carry on the business without having paid it.* Section 8 declares that any person who shall engage or continue in the business of selling gasoline without a license shall be deemed guilty of a misdemeanor and, upon conviction, be punished by fine or imprisonment, or both. The subject taxed is not in its nature divisible, as in the case of the excise tax. The imposition falls upon the entire business indiscriminately; and so does the prohibition against the further conduct of business without making the payment. By accepted canons of construction, the provisions of the act in respect of this tax are not capable of separation so as to confine them to domestic trade, leaving interstate commerce exempt. (Citing cases.)

"No doubt the state might impose a license tax upon the distribution and sale of gasoline in domestic commerce if it did not make its payment a condition of carrying on interstate or foreign commerce. But the state has not done this by any act of legislation. Its executive and administrative officials have disavowed a purpose to exact payment of the license tax for the privilege of carrying on interstate commerce. But the difficulty is that, since plaintiff, so far as appears, necessarily conducts its interstate and domestic commerce in gasoline indiscriminately at the same stations and by the same agencies, the license tax cannot be enforced at all without interfering with interstate commerce unless it be enforced otherwise than as prescribed by the

statute—that is to say, without authority of law. Hence, it cannot be enforced at all."

Application of the *Sprout* case, 277 U. S. 163, 72 L. ed. 833, *supra*, prized by the appellants, sustains the Washington tax. It appears that South Bend prohibited the operation on its streets of any for-hire motor bus unlicensed by the city. Sprout regularly operated a bus, capacity twelve persons, between South Bend, Indiana, and Niles, Michigan. He refused to apply for a city license, for which he was prosecuted, and defended on the ground that the ordinance was void as applied to him, because, among other things, it violated the commerce and equal protection clauses. Upon appeal to the State Supreme Court, his conviction was affirmed. Before a license could issue, a fee of fifty dollars a year was required and other regulations must be complied with. The ordinance made no discrimination between busses engaged exclusively in interstate commerce, those in intrastate commerce and those in both classes of commerce. It seems that Sprout resorted to subterfuge to escape local regulations by requiring all passengers from South Bend to pay the fare to some Michigan point, but let them off at points in Indiana. Nevertheless, he was not a local carrier exclusively, his business being largely interstate.

The State court did not consider whether Sprout's interstate carriage would be affected by his engaging also in intrastate business, but sustained the ordinance as a proper police regulation.

This court holding that upon the record the exac-

tion of the state license fee could not be sustained, either as an inspection fee or as an excise for the use of the streets, considered whether it could be sustained as an occupation tax, but because the Supreme Court of the State assumed that the ordinance applied to busses engaged exclusively in interstate commerce, denied its validity as such a tax, for the reason that the State may not condition the right to engage in that commerce on the payment of a tax.

Quite similar to the license tax considered in the *Sprout* case is the Montana tax the validity of which was denied by this court in *Cooney v. Mountain States Tel. & Tel. Co.*, 294 U. S. 384, 79 L. ed. 934. There, the State as a condition to the conduct of the telephone business, required the payment of a license tax measured by the number of telephone instruments in use, and furthermore prohibited the company from passing the tax to its customers. Mr. Chief Justice Hughes, speaking for the court, upon an analysis of the statute, determined that it was not only a tax upon the business, both interstate and intrastate, but was also measured by instrumentalities used in both kinds of business. The right of the state to require the payment of occupation taxes of one engaged in both domestic and interstate commerce was stated and many authorities cited in support thereof. The court did not find it necessary to apply the ability to discontinue rule. In its legal aspects, the case is indistinguishable from many other cases of like character decided by this court, such as *Barrett v. New York*, 232 U. S. 14, 58 L. ed. 483; *Bowman v. Continental Oil Co.*, 256 U. S. 642, 65 L. ed. 1130; *LeLoup v. Mobile*, 127 U. S.

640, 32 L. ed. 311; or from *Sprout v. South Bend*, 277 U. S. 163, 72 L. ed. 833.

The decision in *Raley & Bros. v. Richardson*, 264 U. S. 157, 68 L. ed. 615, sustained a Georgia license tax in the flat sum of one hundred dollars upon brokers or commission merchants, despite the objection that it interfered with interstate commerce. The complainants were extensively engaged in interstate business but also did some intrastate business and were taxable upon the latter. Said Mr. Justice Sutherland:

> "That the former (intrastate) was small in comparison with the latter (interstate) makes no difference; nor does the fact that both were carried on at the same time and in the same establishment. If the two were not distinct, but the former a mere incident of the latter, the burden was upon complainants to furnish the proof; in which case a different question would arise. *Kehrer v. Stewart*, 197 U. S. 60, 69, 49 L. ed. 663, 668, 25 Sup. Ct. Rep. 403."

In the *Kehrer* case, just cited, this court sustained a license tax of two hundred dollars per annum imposed by the State of Georgia upon resident managing agents of nonresident meat packing houses, regardless of the fact that the greater portion of the business of the complainant was interstate in its character, the state court having confined the operation of the tax law to the doing of local business. Doing of business without the payment of the fee or tax was prohibited. Contention was made that the local business was merely incidental to its interstate business. The

court pointed out, however, that the record failed to show what proportion of the business was interstate and what proportion domestic and stated that

> "If the amount of domestic business were purely nominal as, for instance, if the consignee of a shipment made in Chicago, upon an order filled there, refused the goods shipped, and the only way of disposing of them was by sales at Atlanta, this might be held to be strictly incidental to an interstate business and in reality a part of it, as we held, in *Crutcher v. Kentucky*, 141 U. S. 47, * * * but if the agent carried on a definite, though a minor, part of his business in the state by the sales of meat there, he would not escape the payment of the tax, since the greater or less magnitude of the business cuts no figure in the imposition of the tax. * * * The burden of proof was clearly upon the plaintiff to show that the domestic business was a mere incident to the interstate business." (197 U. S. 69)

From a consideration of the foregoing cases, of others to be discussed herein, and of still others which could undoubtedly be brought to bear, it is plain that the mere inability, whether because of law or of facts, to withdraw from domestic business without also discontinuing interstate business, is immaterial in respect of the tax in question and its relation to the commerce clause. The tax falls only upon the doing of local business. It is measured only by the revenues from that business, which are divisible. It imposes no condition precedent, the failure to comply with which would place the state in the position of putting

a stop to interstate commerce by compelling discontinuance of the domestic commerce—a necessary concomitant of the former.

**Even though a carrier, engaged in both local and interstate commerce, can not withdraw from the former without also withdrawing from the latter, the fact that it is earning less than a fair return upon the fair value of its property in its domestic business, or the mere fact of financial loss in local business for a limited period, does not condemn a state occupation tax as violative of either the commerce or due process clauses.**

For present purposes, we concede that appellants are unable to discontinue their domestic business, that the Telephone Company is earning less than a fair return upon the fair value of its property in its local operations, and that the Railroads sustained deficits for the year 1933 in their intrastate operations.

It will be recalled that the Telephone Company concedes in its complaint that it is earning about 1.75% upon the value of its property as shown by its books in its local operations (R. 4); that its gross operating revenues in that business for 1933 were $9,230,873, compared with its gross interstate revenues of $923,420 (R. 106). It will further be recalled that, as found by the trial court, the Northern Pacific sustained a net deficit for the year 1933 of $192,507 on its intrastate operations, the gross revenues from which totaled $5,685,759 (R. 43, 44), and that for the same year the Great Northern sustained a net deficit of $99,269 on its intrastate operations, the

gross operating revenues from which totaled $2,179,760 (R. 60, 61); that the trial court further found that neither Railroad has been able as a practical matter to increase revenues from local business, and that whether they could do so in the future was a matter of great uncertainty and, attended by long and expensive litigation, which if successful, would have no bearing upon income for the year 1933 or for many years subsequent thereto and that they have done all they can do to increase revenues (G. N. R. 73, 74; N. P. R. 50, 51). On the other hand, the trial court found that both had applied for increases in rates, been refused by the Washington Department of Public Works, and that they have another application for increases pending before both the Interstate Commerce Commission (Ex Parte 115) and the said Department of Public Works (Finding XIII, G. N. R. 73; Finding XVIII, N. P. R. 50). But the court did not find that either had attempted in any way to increase rates to meet this small 1½% tax. It could not make such a finding for the reason that the record discloses that no endeavor in that direction had been made "because none (occupation tax) had ever been levied against the railroad, much less collected, and we don't think any will be collected, either" (N. P. R. 154; G. N. R. 200). Appellants were not in want of time in which to take the necessary steps for rate increases. The act became effective March 21, 1933, but the tax did not begin to accrue until August 1, 1933.

The results of operations for the year 1933 (commonly conceded to be the worst year of the depression) would not seem to be a fair test of the effect of the

statute in review. This finds support in the record. As to the Northern Pacific, the trial court found (N. P. R. 34, Finding V):

> "Financial results of operation of defendant's railway system and of the portion thereof within the state of Washington for years prior to the year 1932, because of difference in revenues and operating costs, and for other reasons, are not representative of financial results of operations for the years 1932, 1933 and at the date of the trial of this case. * * * It is not possible for defendant to further reduce operating expenses for the year 1934. The tendency in the year 1934 is towards substantial increase in operating expenses and decreased net revenues. Increased cost of operation will be still greater in 1935, especially in the large item of labor cost. Gross revenues for 1935 cannot be predicted, further than that there is nothing apparent at this time to suggest an increase. Facts known at this time suggest decreased net income for 1935 due most largely to greatly increased labor costs and rising cost of materials and supplies."

In respect of the Great Northern, the trial court found (G. N. R. 68):

> "(i) In figuring expense of maintenance of way and freight car repairs the preceding findings of the court are based upon the average cost for three years, rather than upon costs incurred in the year 1933. The method used is correct, for the following reasons: Maintenance is not an evenly recurring annual item. It is in part

due to use, but in greater part due to wear and wastage of the property. The necessity for maintenance accrues regardless of whether money is available to provide it. For this reason the maintenance expense actually incurred in any given year is unlikely to be representative of the normal. It is customary in railroad accounting to use a longer period than one year, either five years or three years, in computing normal maintenance. The court finds that the three years' maintenance figures used are correct. Plaintiff's witness offered an exhibit in which maintenance was figured on the basis of but one year, namely, the year 1933. This witness did not state that one year was a proper period for computing maintenance. The court finds that it is too short and cannot be used."

In dealing with the question of losses, the State Court in its opinion (Tel. R. 159, 160) said:

"But it is said that the intrastate business is being conducted at a loss, and this loss must be borne by the interstate business and therefore is a burden upon interstate commerce. There is an expression in the case of *Postal Telegraph-Cable Co. v. Richmond*, 249 U. S. 252, that would appear to support this contention, even though the question was not necessarily involved in that case; and further, in that case there was not involved an excise tax based upon gross income, as here.

"In this state, if the respondent's intrastate business is conducted at a loss, the Legislature has provided a remedy, first, by application to

the Department of Public Service, with the right of review by the Superior Court and an appeal to this court. From the findings, it appears that an application has been made and denied by the Department and that another application is pending. It does not appear, however, that the respondent has exhausted the relief granted by the statute and until it does so it cannot be said that, even though the intrastate business is being conducted at a loss, it is such a burden upon interstate commerce as would justify holding the law unconstitutional.

"The facts in the case of *Postal Telegraph-Cable Co. v. Fremont*, 255 U. S. 124, presented a similar question, and it was there held that, where the state law affords a means to prevent the tax from burdening interstate commerce, through an application to increase intrastate rates, the tax will not be held void, in the absence of a showing that the company had exhausted the remedy afforded by an increase of the rates on intrastate business. We see no just or legal reason why the respondent should not comply with Chapter 191, as all other businesses in this state are required to do." (83 Wash. Dec. (Adv. Ops.) 52, 61)

In other words, the State Court's view is that an act of the sovereign state will not be held to be an invasion of the commerce jurisdiction of Congress, unless the state act by its *necessary* operation upon an instrumentality of commerce in fact encroaches upon that jurisdiction. That seems also to be the view entertained by this court.

*Postal Tel. Co. v. Fremont*, 255 U. S. 124, 65 L. ed. 545, found a municipal license tax in the flat amount of $60.00 a year upon the doing of an intrastate telegraph business consistent with the commerce clause, notwithstanding losses in that business which the Company claimed must be made up from its interstate business. It appears that the Company was bound to carry on local business. Its receipts from such business in 1914 in Fremont were only $108.28, for the year 1915, $83.96, and its expenses, exclusive of the tax, for 1914, $185.56 and for 1915, $154.26. The state court held that proof of loss for two years without showing the volume of business available at Fremont or what portion was done by the Company or what its facilities were for handling business, was insufficient to show that the tax of $60.00 on intrastate business in a city of 8000 inhabitants was unreasonable. As did the Washington court, the Nebraska court stated that the remedy for overcoming the losses was by an application for an increase in rates under the State's statutes. Upon appeal to this court, the only contention made by the Company was that the tax was, in effect, an imposition upon its interstate business, and relied upon the decision in *Postal Tel. Co. v. Richmond*, 249 U. S. 252, 63 L. ed. 590. Answering the contention, this court said (255 U. S. 127, 65 L. ed. 548):

> "We cannot assign to that case the determining force that counsel attribute to it. The case clearly declares that a license tax may be lawfully imposed on a telegraph company for the right to do business within the borders of the munici-

palities of a state. The power, of course, has its limitations, and must be exercised with due relation to the company's interstate business. *That relation is always to be considered, but it is not disposed of by the simple assertion of a loss.* The cause of it or the condition of it is to be considered. In this case the tax is $60.00 a year. It certainly cannot be said that it is repellant from its amount, and there is no pretense that its imposition 'is a disguised attempt to tax interstate commerce.' The Postal Company, when it entered the city, the ordinance levying the tax then being in existence, did not declare against its legality, or complain of its detrimental operation. Indeed, for the privilege of entering the city, it subjected itself to further regulaton, licensing and taxing. And it paid the tax from that time until 1914. The allegation in its answer that it paid the tax 'through the mistake and inadvertence of' its 'clerical force' we are not disposed to accept, without more, as an explanation.

"The Supreme Court expressed the view that mere proof of loss for two years, *which may have been exceptional,* determined nothing in the absence of a showing what business was available to the company, or what facilities it had or used, and also held that, the city being an agent of the state, any deficit arising from the tax imposed on the intrastate business of the company can be prevented from becoming a burden upon the company's interstate business by an applica-

tion to the State Railway Commission under the provisions of § 7409, for an increase of its intrastate rates. And the suggestion is pertinent. The company, as we have seen, cites § 7408 as a compulsion upon it to engage in intrastate business and at designated rates. From the rigor of the requirement § 7409 provides a mode of relief, and until it is denied, the company cannot complain under the circumstances presented by this record. In other words, if § 7408 is imperative upon the company to continue intrastate business, § 7409 affords a means of obtaining relief from burdensome obedience. The sections are counterparts. If submission to § 7408 results in insufficient revenue and a burden upon interstate commerce, it is made the duty of the Railway Commission, by § 7409, upon complaint of the Postal Company, to raise the intrastate rate 'fixed' in § 7408. No attempt to secure relief under § 7409 appears to have been made."

We see then that even though the force of the Postal Company's plea was materially diminished by its having for a number of years paid the tax in question, still there was undoubtedly a burden upon interstate commerce for the period shown, but that the effect of the tax was not necessarily an interference with interstate commerce, since the Company apparently had made no endeavor to increase its rates.

In the case at bar, the Telephone Company in respect to its low earning rate, and the Railroads in respect to their losses, are in very much the same position as the Postal Company found itself.

In *Williams v. Talladega*, 226 U. S. 404, 57 L. ed. 275, it appears that Williams, agent of a telegraph company, was convicted of doing company business in the city without taking out, and paying for, a license imposed in the flat amount of $100.00. Since the ordinance failed to except from its operation telegraph business done for the Federal Government, it was held bad. The assertion of the Company that the tax was unreasonable because of its effect upon interstate commerce was denied, for the reason that a net loss of 86c from its operations in the city over a period of eleven months was "not a sufficiently accurate representation of the business of the company conducted at Talladega to render the tax void." "With this view," said this court, "we agree, and we are not satisfied that the tax is such as to impose a burden upon interstate commerce and therefore make it subject to attack as a denial of Federal right."

*Postal Tel. Co. v. Richmond*, 249 U. S. 252, 63 L. ed. 590, relied upon by the Company in the *Fremont* case, held valid a municipal license tax of $300.00 per annum imposed upon the doing of a telegraph business within the City of Richmond, excluding interstate and Government service, despite an asserted loss from local business. The Company in its plea for relief alleged that the cost of doing the intrastate business transacted at Richmond was greater than the receipts from it and that since the taxes must be paid, if at all, from receipts from interstate commerce, they constitute a burden upon that commerce. It was shown that the Company was obligated by the laws of the State to transmit all messages tendered upon payment of the

usual charges. This court held that the State may lawfully impose a license tax restricting the right to do local business where the tax does not burden or discriminate against interstate commerce and "where the local business purporting to be taxed, again as in this case, is so substantial in amount that it does not clearly appear that the tax is a disguised attempt to tax interstate commerce." Wrote Justice Clark further (249 U. S. 258):

> "This requirement that the appellant shall engage in intrastate business, construed with the ordinance imposing the license tax, results, it is argued in imposing a burden upon its interstate business, for the reason that the net receipts from the intrastate business are insufficient to pay the tax, and therefore payment, if compelled, must be made from interstate receipts. If the facts were as thus asserted, it well might be that this tax would be invalid (*Pullman Co. v. Adams*, 189 U. S. 420; *Williams v. Talladega*, 226 U. S. 404, 416, 417); but a careful examination of the record fails to convince us that it contains that clear and convincing evidence that the tax thus falls upon interstate commerce which is necessary to justify a finding that the ordinance is unconstitutional and void."

We pause here to review, briefly, *Crutcher v. Ky.*, 141 U. S. 47, 35 L. ed. 649; *Pullman Co. v. Adams*, 189 U. S. 420, 47 L. ed. 877; *Western Union Tel. Co. v. Kan.*, 216 U. S. 1, 54 L. ed. 355; and *Ludwig v. Western Union Tel. Co.*, 216 U. S. 146, 54 L. ed. 423,

which the appellants advance as decisive of the case at bar.

In the *Crutcher* case, decided in 1891, there was declared repugnant to the commerce clause a statute of Kentucky which, under penalty, required the agent of a foreign express company to take out a license before carrying on any business, either local or interstate. The difficulty with the statute was that it applied indiscriminately to both local and interstate carriage. The court felt that the fact of local carriage was not sufficient to obviate the difficulty, for it said:

> "We do not think that the difficulty is at all obviated by the fact that the express company, as incidental to its main business (which is to carry goods between different states), does also some local business by carrying goods from one point to another within the State of Kentucky. This is probably quite as much for the accommodation of the people of the state as for the advantage of the company. But whether so or not, it does not obviate the objection that the regulations as to license and capital stock are imposed as conditions on the company's carrying on the business of interstate commerce, which was manifestly the principal object of its organization. These regulations are clearly a burden and a restriction upon that commerce. Whether intended as such or not, they operate as such. *But taxes or license fees in good faith imposed exclusively on express business carried on wholly within the state would be open to no such objection.*"

In *Pullman Co. v. Adams*, 189 U. S. 420, 47 L. ed.

877, decided in 1903, it appears that Mississippi levied a tax on each sleeping car company carrying passengers from one point to another within the state, in the sum of $100 and 25c per mile for each mile of track over which the company ran its cars. In an action for the recovery of taxes paid, the company pleaded (according to the statement of facts given by the state court in 78 Miss. 814, 30 So. 757) that the receipts from its local carrying business never equalled the expenses chargeable against the same and that, by operation of the constitution, it was compelled to do local business, and that since the statute required payment of the tax as a condition precedent, the losses must of necessity fall upon its interstate revenues. But the state court having construed the constitution as not requiring local service, as the result of which the company could, if it saw fit, withdraw from local business, this court held the statute valid. Mr. Justice Holmes, who wrote the court's opinion, said (189 U. S. 421, 422):

> "If the clause of the state constitution referred to were held to impose the obligation supposed and to be valid, *we assume without discussion that the tax would be invalid.* For then *it would seem to be true* that the state constitution and the statute combined would impose a burden on commerce between the states analogous to that which was held bad in *Crutcher v. Kentucky*, 141 U. S. 47."

In *Allen v. Pullman Co.*, 191 U. S. 171, 48 L. ed. 134, decided in 1903, two taxing acts were involved. The first exacted from sleeping car companies en-

gaged in both classes of commerce an annual tax of $500 per car. Both because it made the imposition upon companies doing interstate business and because the amount of the tax was measured by instrumentalities engaged in both classes of business, the statute was struck down. The second statute imposed an annual tax of $3000 upon sleeping car companies carrying one or more local passengers within the state and was held valid in view of the company's freedom to discontinue local business if it saw fit. In the opinion, this passage occurs (191 U. S. 181):

> "Granting that the right exists whereby a state may impose privilege or license fees upon business carried on wholly within the state, it is argued that the tax of $3,000 per annum, collected for carrying one or more local passengers on cars operating within the state, is assessed upon traffic which bears such small proportion to the entire business of the company within the state that it could not have been levied in good faith upon purely local business, and is but a thinly disguised attempt to tax the privilege of interstate traffic. If the payment of this tax was compulsory upon the company before it could do a carrying business within the state, and the burden of its payment, because of the minor character of the domestic traffic, rested mainly upon the receipts from interstate traffic, there would be much force in this objection. Upon this proposition we are unable to distinguish this case from *Pullman Co. v. Adams* * * *."

In that case, it will be noted that the company did

not rely upon losses in local business but relied entirely upon the amount of the lump sum tax of $3,000 required in every case, whether few or many passengers were carried. No such objection can be urged against the tax in the case at bar, for it is measured by a small percentage of the revenues from local business.

We see no inconsistency between the *Adams* and *Allen* cases and the *Fremont*, *Richmond* and *Talladega* cases, heretofore discussed. The latter apply the rule of the former, but place upon the companies the burden of proving that the statute *necessarily* operates to trammel interstate commerce. Indeed, in the *Adams* case the court only assumed that the tax would be invalid because "it would *seem* to be true that the constitution and statute combined would impose a burden on commerce between the states." Since the Pullman Company was able to withdraw both from Mississippi and from Tennessee, it was not necessary for the court to consider further whether the company could forestall the burden on interstate commerce by increasing its local revenues.

We are in a zone of doubt as to the deficiencies of the record referred to by the court in the *Richmond* case when it said that "a careful examination of the record fails to convince us that it contains that clear and convincing evidence that the tax thus falls upon interstate commerce which is necessary to justify a finding that the ordinance is unconstitutional and void." This doubt, we think, is dispelled by the court in the *Fremont* case, when it insists that the complaining utility asserting local losses should show it

had made an unsuccessful attempt to prevent the force of the taxing statute from colliding with the commerce clause.

*Western Union Tel. Co. v. Kansas*, 216 U. S. 1, 54 L. ed. 355, and *Ludwig v. Western Union Tel. Co.*, 216 U. S. 146, 54 L. ed. 423, deal with similar statutes: One, a Kansas statute; the other an Arkansas statute. The Kansas law exacted from a foreign telegraph company a so-called charter fee, measured by a percentage of its entire authorized capital stock, as a condition of continuing in its local business in that state. The act was held to be at cross purposes with both the commerce and due process clauses, as it necessarily amounted to a burden and tax on interstate business and on property outside the state. Failure to pay the tax would entail a forfeiture of authority to do local business in the state. The following excerpts from the opinion of this court are apt in the present case:

> "If the statute, reasonably interpreted, either directly or by its necessary operation, burdens interstate commerce, it must be adjudged to be invalid, whatever may have been the purpose for which it was enacted, and although the company may do both interstate and local business." (216 U. S. 27)
>
> "Looking, then, at the natural and reasonable effect of the statute, disregarding mere forms of expression, it is clear that the making of the payment by the telegraph company, as a charter fee, of a given per cent *of its authorized capital*, representing, as that capital clearly does, all of

its business and property, both within and *outside of the state*, a *condition* of its right to do local business in Kansas, is, in its essence, not simply a tax for the privilege of doing local business in the state, but a burden and tax on the company's interstate business and on its property located or used outside of the state." (216 U. S. 30)

After considering the case of *Leloup v. Mobile*, 127 U. S. 640, 32 L. ed. 311, the court continued:

"So, in the case now before us, the exaction, as a condition of the privilege of continuing to do or doing local business in Kansas, that the telegraph company shall pay *a given per cent of its authorized capital stock*, is, for every practical purpose, a tax both on the company's local business in Kansas, and on its interstate business, or on the privilege of doing interstate business; for the statute, *by its necessary operation*, will accomplish precisely the result that would have been accomplished had it been made, *in express words*, a condition of doing local business, that the telegraph company should submit to taxation upon both its interstate *and* intrastate business and upon its interests and property everywhere, as represented by its capital stock. * * * But as already said, what part of the fee exacted by Kansas is to be attributed to intrastate business and what part to interstate business the state has not chosen to ascertain and declare. It has seen proper to exact a specified per cent *of* the authorized capital of the telegraph company,

representing, necessarily, all its business, interstate and intrastate, and all its property interests in and out of the state." (216 U. S. 31, 32)

"We repeat that the statutory requirement that the telegraph company shall, as a condition of its right to engage in local business in Kansas, first pay into the state school fund a given per cent of its authorized capital, representing all its business and property everywhere, is a burden on the company's interstate commerce and its privilege to engage in that commerce, in that it makes both such commerce, as conducted by the company, and its property outside of the state, contribute to the support of the state's schools. *Such is the necessary effect of the statute*, and that result can not be avoided or concealed by calling the exaction of such a per cent of its capital stock a 'fee' for the privilege of doing local business. To hold otherwise, is to allow form to control substance. * * * We can not fail to recognize the intimate connection which, at this day, exists between the interstate business done by interstate companies and the local business which, for the convenience of the people, must be done, or can generally be better and more economically done, by such interstate companies, rather than by domestic companies organized to conduct only local business." (216 U. S. 37)

The court then recognized the state's power, thus:

"That the Western Union Telegraph Company is engaged in both interstate and intrastate com-

> merce is no reason, in itself, why Kansas may not, in good faith, require it to pay a license tax strictly on account of local business done by it in that state. * * * This court, while recognizing, as former cases had done, the exclusive right of Congress to regulate interstate traffic, said that: 'The corresponding right of the state to tax and control the internal business of the state, although thereby foreign or interstate commerce may be indirectly affected, has been recognized with equal clearness'—Citing *Osborne v. Florida*, 164, U. S. 650." (216 U. S. 42, 44)

The appellants herein, by an application of the principles controlling the decision just quoted from, attempt to convict the State (by asserted failure on their part to make a fair return upon local business and by asserting losses therein) of exacting tribute from earnings and property beyond its borders. Now, of course, it does not follow that, because money was not made or losses were sustained by them in 1933, the deficiencies must be made up from interstate earnings. So far as the record shows, they may have other earnings from businesses in the State; they may have accumulated from intrastate carrier business during the fat years of 1928, 1929, 1930 and other years a comfortable surplus, and the time is at hand, if it has not already arrived, when they will again enjoy profits in local enterprise. The *Kansas* decision, not only recognizes the difficulty of conducting a local telegraph business divorced from the interstate telegraph business, but also, and even in view

of that fact, recognizes the power of the state to exact from the local business a tribute to the sovereign.

It is not amiss to call attention briefly to *Lehigh Valley R. Co. v. Pennsylvania*, 145 U. S. 192, 36 L. ed. 672, *Ewing v. Leavenworth*, 226 U. S. 464, 57 L. ed. 303, and *New York ex rel. Steamboat Co. v. Sohmer*, 235 U. S. 549, 59 L. ed. 355, in which State taxation was found not to be infringing upon national jurisdiction, although the taxes did, as a matter of fact, fall upon interstate commerce. In these cases, the transportation taxed commenced and terminated in the state but crossed states lines en route. On the other hand, in *Hanley v. Kansas City, etc., R. Co.*, 187 U. S. 617, 47 L. ed. 333, and *Western Union Telegraph Co. v. Speight*, 254 U. S. 17, 65 L. ed. 104, *regulation* of like transportation was denounced as an interference with interstate commerce. While in the three cases first mentioned, the tax bore directly upon interstate commerce, it was held that the interstate transportation was within the purview of the State's power to tax.

In *Baltic Mining Co. v. Massachusetts*, 231 U. S. 68, 86, 58 L. ed. 127, 134, dealing with taxation of franchises of foreign corporations, Mr. Justice Day, as the Court's spokesman, said:

> "An examination of the previous decisions in this Court shows that they have been decided upon the application to the facts of each case of the principles which we have undertaken to state, and a tax has only been invalidated where its *necessary* effect was to burden interstate com-

merce, or to tax property beyond the jurisdiction of the State."

The facts and the decision in the *Ohio Tax Cases*, 232 U. S. 576, 58 L. ed. 737, have been sufficiently adverted to in the brief of counsel for the State (Brief, pp. 17, 18, 19). Counsel for appellants to the contrary, nevertheless this case sustained the validity of a state tax upon occupations carried on by corporations, copartnerships and individuals, as appears from the statement of the case made by Mr. Justice Pitney. It was urged strenuously by counsel for the Ohio railroads that the tax, measured by four per cent of gross revenues, violated the due process, equal protection and commerce clauses. It was urged especially that the taxing act, as disclosed by its legislative history, was an effort by indirection to reach earnings from interstate commerce. However, these contentions were given no weight. The case seems to be of great force here because of the close similarity between the Ohio tax and the Washington tax.

The foregoing considerations on this branch of the case lead to the conclusion that a tax in terms cast upon commerce internal to the state will not be condemned unless (1) it is but a cloaked endeavor to strike at interstate commerce, or (2) it is convincingly proven that its necessary operation measurably invades commerce among the states or with foreign nations. As applied to the appellants, Chapter 191 falls into neither of these categories. It is not within the first of them because—

1. Practically all occupations and pursuits are within its reach, including such activities commercial

in character as are engaged in by the State's subdivisions;

2. Only activities wholly within the State are within its operation;

3. There is no discrimination against those engaged in interstate commerce;

4. Unlike the lump sum tax, this tax, graduated in accordance with a percentage of revenues received, must ever be in proportion to the amount of business done. The rates fixed cannot be said to be, upon the face of things, unjustly large;

5. Rivals, such as railroads and motor carriers, are treated alike;

6. The act is the result of a bona fide readjustment of the general scheme of taxation in the State;

7. Those affected by it have enjoyed substantial reductions in ad valorem taxes by reason of the so-called 40-mill law limiting taxes upon property to forty mills upon the assessed value thereof, which is fifty per cent of its true value;

8. Public necessity, induced by the terrific drain upon the State's resources due to the depression, called it into existence.

It has not in its effect upon the appellants been shown to fit into the second category for they have disavowed any attempt to pass to or share with their customers its burden and the proofs of scanty earnings and of deficits over a short period do not reasonably demonstrate that interstate commerce is burdened.

Each of the appellants' local businesses, conducted in a state having, according to the Federal census, a

population in 1930 of 1,563,396, is in each instance, as we have seen, substantial and sufficient to warrant the taxes imposed to assist the State in defraying the cost of protecting their property and business transactions.

## CONCLUSION

The State has by Chapter 191, general in the range of business activities affected, levied an occupation tax (not a license tax) upon the exercise of the right to conduct businesses or pursue callings under the protection of an organized society. No conditions precedent to the exercise of that right have been prescribed. Efforts to exact obedience cannot, as in the case of enforcement of conditions precedent, interfere with or trammel interstate commerce which cannot reasonably be carried on separate and apart from internal commerce.

The State cannot justly be charged with a covert design by action within its admitted jurisdiction to reach into the national jurisdiction or to pick the pockets of interstate commerce. That it has drawn within the scope of the act some, such as the appellants, who in the conduct of intra- and interstate commerce, from the former of which they cannot escape without renouncing the latter, and who during a brief period of abnormalcy have either fallen short of earning a fair return or suffered a temporary loss of earnings, which they made no attempt to avoid by means at hand, does not place it within the domain reserved exclusively for national action.

For the reasons advanced in the brief of appellees and those appearing herein, we respectfully submit that the judgment of the Supreme Court of the State of Washington should be sustained.

Respectfully submitted,

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# TRANSCRIPT OF RECORD

## Supreme Court of the United States

**OCTOBER TERM, 1935.**

## No. 529

NORTHERN PACIFIC RAILWAY COMPANY,
APPELLANT,

*vs.*

STATE OF WASHINGTON

APPEAL FROM THE SUPREME COURT OF THE STATE OF WASHINGTON

**FILED OCTOBER 19, 1935.**

# SUPREME COURT OF THE UNITED STATES

## OCTOBER TERM, 1935

# No. 529

NORTHERN PACIFIC RAILWAY COMPANY,
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APPEAL FROM THE SUPREME COURT OF THE STATE OF WASHINGTON

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**IN SUPERIOR COURT OF THE STATE OF WASHINGTON FOR THURSTON COUNTY**

No. 15415

STATE OF WASHINGTON, Plaintiff,

v.

NORTHERN PACIFIC RAILWAY COMPANY, a Corporation, Defendant

COMPLAINT—Filed Feb. 28, 1934

Comes now the plaintiff, and for complaint alleges:

(1) That at all times herein mentioned defendant was and now is a corporation organized and existing under the laws of Wisconsin and was and is engaged in and continuing in the business within the state of Washington of owning and operating steam railways as a common carrier for hire, and was and now is engaged in and continuing in the business in the state of Washington of a light and power, a telephone company, a telegraph company, and a public service company, all as defined in Session Laws of Washington for 1933, Chapter 191, section 2, subdivision (2), subdivision (e), sub-sub-subdivisions III, V, VI and XII.

(2) That defendant, as such common carrier, is now, and for many years has been, subject to the Interstate Commerce Act, and as such has for a long number of years, and at all times herein mentioned, kept its accounts and made its reports to the Interstate Commerce Commission, the Tax Commission of the State of Washington, and the Department of Public Works of the State of Washington, by the uniform system of accounts prescribed by the Interstate Commerce Commission for steam railway corporations. That in and by such method of accounting, defendant's receipts are now, and for many years last past have been,

classified both by number and name according to the source of such receipts. That defendant's receipts from its said operations are now, and for many years last past have been, classified in its income account as Account No. 501, denominated "railway operating revenues," and that said Account No. 501 is now, and for many years last past has been, sub-
[fol. 4] classified as to the particular character of such revenues according to the following account numbers and designations:

Rail-line transportation revenue as follows:

| Account number | Name of account |
|---|---|
| 101 | Freight |
| 102 | Passenger |
| 103 | Excess baggage |
| 104 | Sleeping car |
| 105 | Parlor and chair car |
| 106 | Mail |
| 107 | Express |
| 108 | Other passenger-train |
| 109 | Milk |
| 110 | Switching |
| 111 | Special service train |
| 112 | Other freight-train |
| 113 | Water transfers—Freight |
| 114 | Water transfers—Passenger |
| 115 | Water transfers — vehicles and live stock |
| 116 | Water transfers—Other |

Water-line transportation revenue as follows:

| Account number | Name of account |
|---|---|
| 121 | Freight |
| 122 | Passenger |
| 123 | Excess baggage |
| 124 | Other passenger service |
| 125 | Mail |
| 126 | Express |
| 127 | Special service |
| 128 | Other |

Incidental revenues as follows:

| Account number | Name of account |
|---|---|
| 131 | Dining and buffet |
| 132 | Hotel and restaurant |

[fol. 5]

| | |
|---|---|
| 133 | Station, train and boat privileges |
| 134 | Parcel room |
| 135 | Storage—Freight |
| 136 | Storage—Baggage |
| 137 | Demurrage |
| 138 | Telegraph and telephone |
| 139 | Grain elevator |
| 140 | Stockyard |
| 141 | Power |
| 142 | Rents of buildings and other property |
| 143 | Miscellaneous |

Joint facility operating revenues as follows:

| Account number | Name of account |
|---|---|
| 151 | Joint facility—Cr. |
| 152 | Joint facility—Dr. |

(3) That all of the railway operating revenues included in said accounts set forth in paragraph (2) hereof (except said account numbers 106 and 125, "Mail", said account number 138, "Telephone and Telegraph", and said account number 141, "Power") which were received by, or accrued to, defendant during the months of August, 1933, to December, 1933, inclusive, as a result of business transacted wholly within the state of Washington, constituted the gross income of defendant in the state of Washington as defined by Section one, of said chapter 191, and that defendant is taxable under the provisions of said chapter 191 in an amount equal to one and one-half per cent of such railway operating revenues. That the exact amount of such gross income for said months, or any of them, is unknown to plaintiff, but that plaintiff is informed and believes, and therefore states the fact to be, that the amount thereof for said respective months and the several amounts of taxes payable by defendant by reason thereof under said

chapter 191, are not less than as shown by the following table:

| [fol. 6] Column 1 Month | Column 2 Gross income | Column 3 Amount of tax |
|---|---|---|
| August, 1933 | $479,343.55 | $7,190.15 |
| September, 1933 | 499,681.96 | 7,495.23 |
| October, 1933 | 478,715.41 | 7,180.73 |
| November, 1933 | 506,751.16 | 7,601.27 |
| December, 1933 | 550,000.00 | 8,250.00 |
| Total | | $37,717.38 |

That amounts not less than the several respective sums set forth in said Column 3 became due and owing to plaintiff from defendant on the 15th day of the month next following the month named in said Column one set opposite said respective amounts; that no part of said taxes have been paid, and that the same are now due and owing to plaintiff from defendant, together with interest thereon at the rate of one per cent. per month from the several dates when the same became due, together with a penalty of ten per cent. on the amount of said unpaid taxes.

(4) That all of the railway operating revenues included in accounts numbers 138 and 141 which were received by, or accrued to, defendant during the months of August, 1933, to December, 1933, inclusive, as a result of business transacted wholly within the state of Washington, constituted gross income of defendant in the state of Washington as defined by Section one, said chapter 191, and that defendant is taxable under the provisions of said chapter 191, in an amount equal to three per cent. of such railway operating revenues. That the exact amount of such gross income for said months, or any of them, is unknown to plaintiff, but that plaintiff is informed and believes, and therefore states the fact to be that the amount thereof is a substantial amount and greatly exceeds $200.00.

(5) That defendant has heretofore instituted a suit in the United States District Court for the Western District of Washington, Southern Division, the same being Equity Cause No. 514, against T. S. Hedges and T. M. Jenner, the same being all of the present members of the tax commission of the State of Washington, wherein defendant, as the

plaintiff in said suit, alleges that said chapter 191 is un-
[fol. 7] constitutional and void as to the defendant herein, and praying that said Hedges and Jenner, and each of them, and their agents and employes, be restrained and enjoined from taking any action against the defendant herein, or its employes, for failure to make a return under said chapter 191, and from making any assessment against said defendant for any tax collectible thereunder, or any part thereof, and from issuing any warrant directed to the sheriff of any county in this state commanding him to levy upon and sell any real or personal property of said defendant within his county and directing him to levy upon and sell any real or personal property of said defendant within his county and directing him to file said warrant with the clerk of the superior court, and taking any action whatever against said defendant for the collection of any tax imposed under said chapter 191; and from in any manner proceeding against said defendant under Section 23 of said chapter 191, or otherwise, for failure or refusal of said defendant to obtain any license to do business in this state, or for failing or refusing to make any return provided for in said Section 23, or for failure or refusal to pay such tax, or any part thereof, claimed to be due or payable under said chapter; and further praying that plaintiff have a temporary interlocutory and final injunction restraining said defendant and its agents and employes from doing any of said matters or things aforesaid pending the trial of said cause No. 514.

That no restraining order or interlocutory injunction or permanent injunction, or restraining order or decree of any kind has been entered in said cause No. 514 and that no final hearing of said defendant's application for said interlocutory injunction or application for said permanent injunction has as yet been had in said cause No. 514.

(6) That in said cause No. 514 defendant alleges in its verified complaint, among other things, (a) that the amount in controversy therein exceeds, exclusive of interest and costs the sum or value of $3,000; (b) that defendant owns and operates a system of steam railways in Washington and other states, as a common carrier, and as such, does both interstate and intrastate business, and for a long time has made no net income from its intrastate business but

has lost money thereon, and if required to pay the tax imposed by said chapter 191, it will be compelled to pay the [fol. 8] same from its receipts from interstate business; (c) that it is not permitted by law to retire from its intrastate without also retiring from its interstate business carried on in Washington, and cannot lawfully be taxed for the privilege of conducting a business from which it is not at liberty to retire; (d) that its interstate and intrastate freight and passenger traffic is carried on the same trains and over the same rails, and by means of the same equipment, and that should it surrender its intrastate business, its operating expenses would not be appreciably reduced and would necessitate an increase of its interstate rates; and (e) that the definition of "gross income" as set forth in section one of said chapter 191 is too vague and indefinite to afford the basis for the computation of a valid tax for any amount whatever, for all of which reasons the tax attempted to be imposed on defendant by said chapter 191 is alleged by said defendant to be void and unconstitutional as against defendant, as an unlawful burden on interstate commerce, and violative of the commerce clause and 14th Amendment of the United States Constitution, and that defendant has no plain, speedy, and adequate remedy at law.

Wherefore, plaintiff prays judgment against defendant (a) for $37,717.38, and such other and further amounts of taxes as the court shall find upon the trial of this action to have become due and owing from defendant to plaintiff under the provisions of said chapter 191, by reason of gross income received by said defendant between August 1st, 1933, and December 31st, 1933, inclusive, (b) for ten per cent. of the amount of such unpaid taxes as and for a penalty for the non-payment thereof when due, (c) for interest at one (1) per cent. per month on the several amounts of such taxes from the dates when the same became due and payable, (d) for its costs of suit herein, and (e) for such other and further relief as to the court may seem meet and equitable in the premises.

Plaintiff further prays that an order be forthwith entered by this court staying any further proceedings by said Hedges and Jenner, or either of them, or their agents or employes, against said defendant or its agents or employes,

under or by virtue of said chapter 191 pending the final determination of this action.

G. W. Hamilton, Attorney General; R. G. Sharpe, Assistant Attorney General, Attorneys for Plaintiff.

[fol. 9] *Duly sworn to by G. W. Hamilton. Jurat omitted in printing.*

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[fol. 10] [File endorsement omitted]

Received Mar 17, 1933. Attorney General's Office, Olympia

IN SUPERIOR COURT OF THURSTON COUNTY

[Title omitted]

ANSWER—Filed March 17, 1934

The defendant, Northern Pacific Railway Company, makes answer to plaintiff's complaint as follows:

I

Admits Paragraph (1), except denies that it is engaged in the business of a light and power, telephone or telegraph company.

II

Admits Paragraph (2).

III

Denies all of the allegations of Paragraphs (3) and (4).

IV

Admits Paragraphs (5) and (6).

[fol. 11] VI

(a) Defendant's railroad was constructed and equipped in this state long prior to the enactment of said Chapter 191, Laws of 1933, at a cost of more than one hundred million dollars, to provide adequate facilities for both interstate and local business. Long after said railroad was con-

structed by said Northern Pacific Railroad Company and conveyed to defendant, as aforesaid, there was enacted Chapter 81, Laws of 1905, followed by Chapter 117, Laws of 1911, known as the Public Service Commission Law, and thereby, and by Art. XII, Secs. 13, 14 and 15 of the Constitution of Washington, there is imposed on defendant an obligation to devote its railroad to the service of the people of this state in the transportation of passengers and property in local commerce, from which it cannot withdraw while continuing to carry on its interstate commerce. Defendant's railroad system comprises 10,521.30 miles of line of which 3,285.47 miles are in the State of Washington. Said railroad is taxed in this state by virtue of Chapter 130, Laws Special Session of 1925, on its fair market value, considered as a going concern, and including all of its property used in the operation, maintenance and equipment of said railroad. Ad valorem taxes so levied for the year 1933, payable in the year 1934, are approximately two million dollars. Defendant is also required by Chapter 107, Laws of 1929, to pay to the Department of Public Works one-tenth of one per cent of its gross revenue as an inspection and supervision fee. Said inspection fee, payable for the year 1933, will be approximately $7,000.00. The tax of 1½% of gross income imposed by said Chapter 191, Laws of 1933, is not a property tax, nor in lieu of a property tax, nor an inspection or supervision tax, but is an excise tax imposed solely for the privilege of doing local business.

(b) Defendant, as an interstate carrier, subject to the acts of Congress regulating interstate commerce, keeps its accounts as required by the Interstate Commerce Commission.

[fol. 12] (c) Results of operation of defendant's railway system and of the portion thereof within the State of Washington for years prior to the year 1932 are not representative of results of operation for 1932, 1933 and at the present time. System net railway operating income for the years 1932 and 1933 is as follows:

| | |
|---|---|
| 1932 | $1,990,389.21 |
| 1933 | 5,975,972.63 |

(d) Defendant's gross railway operating revenues and expenses within the State of Washington for both local and

interstate business, ad valorem taxes in Washington and inspection fee paid to the Department of Public Works of Washington for the years 1932 and 1933 are as follows:

1932:

| | |
|---|---|
| Revenues | $12,845,325.62 |
| Expenses | 12,336,818.64 |
| Ad valorem taxes | 2,464,967.00 |
| Inspection fee | 6,481.32 |

1933:

| | |
|---|---|
| Revenues | 12,064,954.32 |
| Expenses | 11,145,042.19 |
| Ad valorem taxes | 2,002,000.00 |
| Inspection fee | 5,700.53 |

(e) Defendant's gross railway operating revenues from local and interstate business in the State of Washington for the years 1932 and 1933, separately stated, are as follows:

1932:

| | |
|---|---|
| Local | $6,613,958.99 |
| Interstate | 6,231,366.63 |

1933:

| | |
|---|---|
| Local | 5,802,530.12 |
| Interstate | 6,262,424.20 |

(f) Revenues assigned to the State of Washington comprise the entire revenues accruing from business local to the state plus a mileage proportion of interstate revenue, as is customary in apportioning revenues to states by carriers subject to the interstate commerce act, and includes also the entire revenue from switching and demurrage accruing in the state, whether from local or interstate business. The expenses assigned are those incurred in the state that are wholly applicable to the local business plus a mileage proportion of expenses which are applicable to all traffic, whether state or interstate, and which cannot be localized. This apportionment is also in accordance with [fol. 13] the method prescribed by the Department of Public Works of the State of Washington and has been followed for more than twenty years and is as accurate as is

possible in view of the inseparable nature of the two classes of business.

(g) Expenses incurred in the State of Washington cannot be mathematically divided between local and interstate business because of the inseparable nature of the two kinds of business which are carried on the same lines of railroad, in the same trains and cars operated by the same employees, but local business is relatively short haul, incurs two terminal expenses within the state, while interstate business incurs but one terminal expense; local business uses more expensive terminal facilities in its handling from large distributing centers; clerical and warehouse expense is greater; damage to freight is greater; an excess of equipment is used for loading and unloading; car and engine miles per day are less; local trains are lighter and the wear and tear on the equipment is greater because of frequent starting and stopping; there is more switching, resulting in increased cost and greater damage to equipment; local trains are on the road more and consume more coal per mile; local short hauls are irregular and the facilities are used to less capacity. While the revenue per ton mile of local business is as 142 is to 100, the expense of doing the local business per unit of freight is much more than 42% greater than the cost of doing interstate business, and the expense of said local business is in excess of the revenue received therefrom.

[fol. 14] VII

(a) Defendant's interstate and local business is inseparably commingled and mutually dependent. For the year 1932 defendant's gross freight revenue (Account 101 of the Uniform System of Accounts) for business done in this state was $10,570,610, of which $5,497,482 was from local and $5,073,128 from interstate business. For said year the local revenue ton miles were 326,000,000 and the interstate revenue ton miles in this state were 427,000,000 in round numbers. For the week March 25th to 31st, 1932, a representative period, defendant's local revenue net ton miles were 6,824,237 and interstate revenue net ton miles were 7,601,845, or 47.30% and 52.70% respectively; and of the local revenue net ton miles 3,022,719 were eastbound and 3,801,518 were westbound, and of the interstate reve-

nue net ton miles 5,175,941 were eastbound and 2,425,904 westbound. Both classes of business, eastbound and westbound, were transported by defendant over the same lines of railroad, in the same trains, operated by the same employees, and with the same facilities, and it is not possible, practically and economically, or at all, to carry local separately from interstate freight business by different lines of railroad, in different trains, or by means of different instrumentalities or employees. Defendant's gross income from transportation of passengers in this state (Acct. 102) for the year 1932 was $943,250.73, of which $379,715.40 was from local and $563,535.33 from interstate business; the number of revenue passengers carried during said year in this state was 280,521 of which 145,061 were carried locally and 135,460 interstate; the number of revenue passenger miles was 42,735,770, of which 18,739,808 were local and 23,995,962 interstate. Much the larger part of said passengers were carried on interstate through trains East and West bound and on interstate through trains North and South bound. It is not possible to carry said local and interstate passengers on separate lines or by separate trains and the facts with respect thereto are identical with the [fol. 15] facts alleged in respect to defendant's freight traffic. Defendant does not now have statistics for the year 1933, but they will be approximately the same as those for the year 1932 above stated.

(b) If defendant could and should abandon its local freight business it could and would reduce its train service and would thereby reduce its expenses approximately $870,-088 and reduce its car mileage in trains not discontinued and save approximately $601,535, a total reduction of expense applicable to its local and interstate Washington freight business of approximately $1,471,623, but would lose its entire gross revenue from local freight business of $5,497,482. These figures are based upon operations for the year 1932, but will be approximately the same for 1933. Defendant cannot reduce its passenger service nor the expenses attributable thereto, and would lose its entire gross revenues from local passenger transportation of $379,-715.40. The net result of abandonment by defendant of its local pasenger and freight business in order to escape the

tax involved by said Chapter 191, Laws of 1933, is as follows:

State of Washington

Operating Revenues—Local 1932

| | |
|---|---|
| Freight Revenues—Acct. 101 | $5,497,482.00 |
| Passenger Revenues—Acct. 102 | 379,715.00 |
| Other operating revenues | 736,762.00 |
| Total | $6,613,959.00 |
| Estimated Reduction in operating expenses | $1,471,623.00 |
| Net loss of income | 5,142,336.00 |
| Interstate gross income | 6,231,366.63 |
| Expenses (as reduced) | 10,865,195.64 |
| Washington taxes | 2,464,967.00 |
| Loss on interstate business | 7,098,796.01 |

(c) Therefore, if defendant could and should abandon its local freight and passenger business in order to avoid said tax the entire burden of maintaining and operating its interstate system of railroad constructed and equipped to handle both classes of business would fall on interstate business, and would necessitate an increase of rates and fares greater than the same could bear as a practical mat-
[fol. 16] ter, or at all, and would result in the destruction of an essential instrument of interstate commerce and transportation of the mail, troops and munitions of the United States, and of the value of defendant's property to the amount of more than one hundred million dollars. The tax imposed by said Chapter 191, Laws of 1933, on the pretext of a tax or fee for the privilege of doing local business in Washington is in reality a tax and burden upon interstate commerce, and upon the gross revenues received by defendant therefrom and is a tax upon defendant's business done and upon income earned in other states and upon property located outside the State of Washington.

VIII

Defendant alleges that the amount which would be payable as a tax of 1½% of its gross income is approximately as stated in its complaint for the months of August to November, 1933, and is approximately the sum of $6,611.44

for the month of December, 1933. Defendant's railroad is well located and economically managed. It serves the principal cities and towns of the state. The operation of defendant's railroad in local business is essential to the people of this state. Defendant cannot raise many of its local rates because of competition of other kinds of transportation. Under the law of this state it cannot do so without the consent of the Department of Public Works. Defendant has heretofore applied for an increase of certain local rates and said application was denied by said Department of Public Works, as appears from a copy of its order hereto attached, marked Exhibit "C", and made a part hereof. Since defendant filed the suit in the District Court of the United States for the Western District of Washington, referred to in the complaint, Senate Bill 18 was introduced at the special 1933 session of the legislature of this state, which bill was prepared and enactment urged by attorneys for the State of Washington for the purpose of relieving defendant from the obligation of doing local business and to meet de-
[fol. 17] fendant's contention in said case and in this case that it is so obligated, but said bill was rejected by the legislature. A copy thereof is hereto attached, marked Exhibit "D", and made a part hereof.

IX

By reason of the matters and things alleged in paragraphs VI, VII and VIII thereof, said Chapter 191, Laws of 1933, as applied to defendant, violates Article I, Sec. 8, the due process and equal protection clauses of the 14th Amendment to the Constitution of the United States and the acts of Congress regulating interstate commerce, particularly Sec. 1 (18) to (21), Sec. 13, Sec. 15a and Sec. 19a thereof, and the Emergency Railroad Transportation Act, 1933, and is null and void.

Wherefore, defendant prays that this action be dismissed with costs.

L. B. daPonte, Robert S. Macfarlane, Attorneys for Defendant.

*Duly sworn to by L. B. daPonte. Jurat omitted in printing.*

[fol. 18] EXHIBIT "C" TO ANSWER

Before the Department of Public Works of Washington

No. 6484

In the Matter of the Application of Common Carrier Railroads for Fifteen Per Cent Increase in Freight Rates in the State of Washington

First Supplemental Findings of Fact and Order

On December 17, 1931 the department entered an order providing for emergency increases in intrastate freight rates and charges in Washington to expire March 31, 1933. The increases ordered were in conformity with increased rates and charges authorized by the Interstate Commerce Commission, hereinafter called the Commission, in Ex Parte 103, 178 I. C. C. 539, and 179 I. C. C. 215, for the same period. On January 13, 1933, the applicants filed with us a supplemental petition requesting authority to continue in effect the emergency rates and charges so authorized until September 30, 1933. The Commission on March 7, 1933 issued a mimeographed report authorizing extension to September 30, 1933 of the emergency interstate rates and charges. A hearing was held by the department in Seattle April 12 and 13, 1933.

Testimony and exhibits were presented by the applicants showing that their financial condition has not improved since the emergency charges were given effect and that for the calendar year 1932 their income decreased substantially compared with the previous year. The applicants while turning over the proceeds of the so-called surcharge to the Railroad Credit Corporation have received no assistance from nor availed themselves of the credit facilities afforded by that corporation.

Since January 4, 1932, the basic rates covering innumerable individual point to point items of traffic, many of which move in volume, such as iron and steel articles, canned goods, sugar, petroleum and its products, cement, lumber, pulpwood, paper, etc., have been substantially reduced and in a great many instances the surcharge has been eliminated for the purpose of meeting the competition of highway carriers and other modes of transportation. Applicants have by no means uniformly adopted this practice. In other

words, the surcharge has been removed upon the movement of a particular commodity between specific points, but it has been retained upon the same commodity between other points. Applicants have declined to remove the surcharge on certain commodities moving freely over the highways. The record shows a considerable and ever increasing movement of coal produced in King and Pierce Counties by truck, but producers interested in maintaining the rail movement from western Washington mines have been unable to induce applicants to waive the surcharge on their traffic to retain it for rail movement.

We are of the opinion and find that this rate adjustment policy generally indulged in by the applicants between January 4, 1932 and March 31, 1933 resulted in undue preference and advantage to certain persons and localities and subjected other persons and localities to undue prejudice and disadvantage prohibited by section 21 of the public service laws of Washington. Protests were made by witnesses as to the continuance of the surcharge on coal, lumber and other commodities. The record before the Commission and the decision of that body were made a part of the record in the instant proceeding. That record shows that vigorous opposition was offered by the witnesses representing basic commodities as well as many other lines of traffic. We are entirely in accord with the attitude of the four dis- [fol. 19] senting members of the Commission and are of the opinion that continuance of the surcharge even for a few months longer will be burdensome and irritating to the public, of no real benefit to applicants as to revenue results therefrom and will tend to deflect more traffic from the applicants' facilities to other modes of transportation. It is a matter of common knowledge that the present level of rail rates is too high to permit freedom of movement by rail. Pursuant to petitions from shippers of basic commodities throughout the United States, the Commission has recently ordered under its Docket 26000 a general investigation in the matter of rates and charges of carriers by railroad, subject to its jurisdiction, to determine what reductions may be made in them.

The surcharge authorized does not apply on any of the important agricultural products carried in Washington. Its voluntary removal by the applicants on many other commodities which move in volume indicates that the pre-

ponderance of Washington intrastate traffic will be either unaffected by, or not susceptible to its application.

We find that a continuance of the effectiveness of the emergency freight rates and charges authorized by our order dated December 17, 1931, to expire March 31, 1933, is not necessary to prevent injury to the interests of the public or to the applicants under existing conditions.

## Order

Wherefore it is ordered That the application herein be and the same is hereby denied.

Witness the Department of Public Works of Washington, this 27th day of April, 1933.

Department of Public Works of Washington, E. K. Murray, Director; W. D. Lane, Supervisor of Transportation; Frank Purse, Supervisor of Public Utilities.

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[fol. 20] EXHIBIT "D" TO ANSWER

In the Senate—By Senator Mehner

Senate Bill No. 18

State of Washington, Extraordinary Session, 1933

December 8, 1933, read first and second time, ordered printed, and referred to Committee on Public Utilities.

An Act permitting public service companies engaged in interstate commerce to withdraw from certain kinds of business, and providing that this act shall take effect immediately

Be it enacted by the Legislature of the State of Washington:

Section 1. That any public service company engaged in interstate commerce, including any steam railway company, electric railway company, light company, power company, telephone company, telegraph company, express company, car company, or company engaged in transporting freight or passengers for hire upon the public highways of this

state, is hereby permitted to renounce and withdraw from the whole (but not a part only) of that part of its business carried on in the state of Washington which does not constitute interstate commerce. The word "company" as used in this act shall mean any individual, firm, copartnership, joint venture, association, corporation, trust or any other group or company acting as a unit, whether mutual, cooperative or otherwise.

Sec. 2. The renunciation provided for in section one hereof shall be in writing, signed and acknowledged by such company or its duly authorized agents and filed with the department of public works of the state of Washington, and shall declare that the said company elects to renounce all local business in the state of Washington after the date set forth therein. After the date so fixed, it shall be unlawful for said company to carry on any business whatsoever in the state of Washington other than interstate business, without the consent of the officers of the state of Washington and of the United States having power to authorize the same.

Sec. 3. This act is necessary for the immediate support of the state government and its existing public institutions and shall take effect immediately.

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[fol. 21] [File endorsement omitted]

IN SUPERIOR COURT OF THURSTON COUNTY

[Title omitted]

REPLY—Filed May 5, 1934

Comes now the plaintiff and replying to the allegations of defendant's answer—

(1) As to paragraph V (a) thereof, admits the enactment of an Act of Congress approved July 2, 1864, entitled "An Act granting lands to aid in the construction of a railroad and telegraph line from Lake Superior to Puget Sound, on the Pacific Coast, by the Northern Route," the adoption by Congress of a joint resolution approved March 1, 1869 (15 Stat. L. 346) purporting to authorize the Northern Pacific

Railroad Company to issue bonds, etc., and the adoption by Congress of a joint resolution approved May 31, 1870, (16 Stat. L. 378) purporting to authorize said company to issue certain bonds, but denies any knowledge or information sufficient to form a belief as to the other allegations therein contained.

As to paragraph V (b) thereof, denies any knowledge or information sufficient to form a belief as to the allegations therein contained.

As to paragraph V (c) thereof, denies any knowledge or information sufficient to form a belief as to the allegations therein contained.

As to paragraph V (d) thereof, denies that defendant at any time became entitled to any of the immunities or rights or franchises of the Northern Pacific Railroad Company or that defendant at any time became subject to any of the obligations of the Northern Pacific Railroad Company either by any decree or decrees or deed or deeds or at all. [fol. 22] As to the other allegations of said paragraph V (d), plaintiff denies any knowledge or information sufficient to form a belief.

As to paragraph V (e) thereof, denies each and every allegation, matter and thing therein contained, except that plaintiff admits the enactment and adoption of the Act of Congress and joint resolutions hereinabove referred to.

As to paragraph V (f) thereof, denies any knowledge or information sufficient to form a belief as to the allegations therein contained, and particularly denies any knowledge or information sufficient to form a belief as to any one of the following allegations: the amount of revenues received by defendant for hauling mail from January to October, 1933; either the tonnage of freight transported by defendant for the United States during said period, either in carload lots or less than carload lots, or the revenues received by defendant therefrom.

(2) As to Paragraph VI (a) thereof, plaintiff admits that defendant's railroad was constructed and equipped in the State of Washington at a cost of more than $100,000,000 and prior to the enactment of Chapter 81, Laws of 1905. Plaintiff denies any knowledge or information sufficient to form a belief as to the miles of line either of defendant's system or of defendant's railroad within the State of Washington. Plaintiff admits that defendant's railroad in

Washington is taxed by virtue of Chapter 130, Laws Special Session of 1925, on its fair market value, and that the ad valorem taxes levied thereon for 1933 are approximately $2,000,000, and that defendant is also required by chapter 107, Laws of 1929 to pay to the department of public works one-tenth of one per cent of its gross revenue as an inspection and supervision fee, and that the tax imposed by Chapter 191, Laws of 1933, is not a property tax, but denies each and every other allegation, matter and thing therein contained.

As to paragraph VI (c) to Paragraph VI (f) inclusive thereof, plaintiff denies any knowledge or information sufficient to form a belief as to the allegations therein contained and particularly as to any of the following allegations: the [fol. 23] amount of defendant's system net railway operating income for either the year 1932 or the year 1933; the amount of defendant's gross railway operating revenues from both local and interstate business for either the year 1932 or the year 1933; the amount of defendant's railway operating expenses for both local and interstate business for either the year 1932 or the year 1933; the amount of defendant's gross railway operating revenues from local business in the State of Washington for either the year 1932 or the year 1933; the amount of defendant's gross railway operating revenues from interstate business in the State of Washington for either the year 1932 or the year 1933. For the reasons hereinafter alleged plaintiff avers that defendant's method of apportioning railway operating revenues and expenses to defendant's properties in Washington as alleged in said paragraph is unfair, unjust and inequitable to said properties in Washington, and does not show the true revenues and expenses apportionable to said properties.

As to Paragraph VI (g) thereof, plaintiff admits that expenses incurred in the State of Washington cannot be mathematically divided between local and interstate business, and admits that the revenue per ton mile of local business in Washington is at least 42% greater than the revenue from defendant's interstate business apportioned to Washington on a mileage prorate, but denies each and every other allegation, matter and thing therein contained.

(3) As to Paragraph VII (a) thereof, plaintiff denies any knowledge or information sufficient to form a belief as

to any one of the items of statistical data therein set forth; denies that defendant's interstate and local business is either inseparably commingled or mutually dependent; denies that the week March 25th to 31st, 1932, was a representative period for comparing defendant's local revenue net ton miles with its interstate revenue net ton miles, or making any other comparison as to local and interstate traffic; denies that it is not possible or practicable to carry local freight business separately from interstate freight business; and denies that it is not possible to carry local and interstate passengers on separate trains.

[fol. 24] As to Paragraph VII (b) thereof, plaintiff denies any knowledge or information sufficient to form a belief as to any of the following allegations thereof; the amount defendant's expenses incident to haulage of freight would be reduced should it abandon its local freight business; the amount which defendant would save by such abandonment by a reduction of its car mileage in trains not discontinued; the amount defendant would lose by such abandonment in gross revenues from local freight business; the amount defendant would lose by such abandonment in gross revenues from local passenger transportation; and as to whether or not defendant could, by such abandonment, reduce its passenger service or its expenses attributable thereto.

As to paragraph VII (c) plaintiff denies each and every allegation, matter and thing therein contained.

(4) As to Paragraph VIII thereof plaintiff denies that the operation of defendant's railroad in local business is essential to the people of the state of Washington, denies that there are any of defendant's local rates which defendant cannot raise sufficient to cover the amount of said occupation tax either because of competition of other kinds of transportation or for any other reason; denies that defendant has ever applied to the department of public works for an increase in local rates because of its being required to pay such occupation tax; denies that the enactment of Senate Bill 18 was urged by attorneys for the State of Washington for any purpose whatever, and denies that said bill was rejected by the legislature, but alleges, on the contrary, that said bill was never voted upon by either the senate or house of representatives.

(5) As to Paragraph IX thereof plaintiff denies each and every allegation, matter and thing therein contained.

[fol. 25] As and for a first affirmative reply to the matters set forth in defendant's answer, plaintiff alleges:

(1) That the defendant has never applied to the department of public works of the state of Washington for permission to renounce its interstate business in the state of Washington.

As and for a second affirmative reply to the matters set forth in defendant's answer, plaintiff alleges:

(1) That the defendant has never applied to the department of public works of the state of Washington for permission to increase any of its rates or tariffs on the transportation of either freight or passengers between points within the state of Washington, or any of its other rates or tariffs, on the ground that its operating expenses would be or have been increased by reason of the occupation tax imposed on defendant by the provisions of chapter 191, Session Laws of the state of Washington for 1933.

As and for a third affirmative reply to the matters set forth in defendant's answer, plaintiff alleges:

That the total value of all the taxable property in the state as found by the state board of equalization for 1933 was the sum of $2,259,852,124, and the total assessed valuation of such property as fixed by the county assessors was $993,248,450, and total assessed valuation was found by said board to be 43.9519223 per cent of said total actual value of said taxable property.

That the total assessed valuation of said taxable property as fixed by the state board of equalization for the purpose of levying taxes for state purposes was $1,129,926,062, or 50 per cent of its actual value.

That in Table "A" are set forth in column (a) the various "funds" or divisions of expense incident to the support of government of the state of Washington for which, under the laws of the state of Washington, revenues are required to be raised by ad valorem taxes levied by the state board [fol. 26] of equalization on the taxable property within the state of Washington.

That in column (b) of said table are set forth the several sums required to be raised for each of said "funds" for the support of state government as listed in said column (a), together with the total thereof, as found and determined by the state board of equalization meeting in September,

1933, plus the seventh year delinquencies as found by the state auditor.

That in column (c) of said table are set forth the number of mills in taxes which it would have been necessary to levy upon the assessed valuation of all of the taxable property in the state of Washington for the year 1933 in order to raise the several sums set forth in said column (b) together with the total thereof, had the total amount of such expense been raised by ad valorem taxes imposed on the taxable property of the state.

Table A

| Name of Fund: | Amounts necessary to be raised for support of state government: | Millage necessary to raise sums listed in Col. (b) |
|---|---|---|
| (a) | (b) | (c) |
| Current School Fund | 7,520,572 | 6.656 mills |
| University of Washington | 1,702,265 | 1.506 mills |
| Washington State College | 1,012,900 | 0.896 mills |
| Bellingham Normal School | 301,333 | 0.267 mills |
| Cheney Normal School | 254,811 | 0.226 mills |
| Ellensburg Normal School | 185,028 | 0.164 mills |
| General Fund | 3,178,395 | 2.813 mills |
| Veterans' Compensation | 1,129,926 | 1.000 mills |
| Bond Retirement | ..... | ..... |
| Total of above funds | $15,285,230 | 13.528 mills |
| Plus Seventh Year Delinquencies | 464,873 | 0.411 |
| Total | $15,750,103 | 13.939 mills |

[fol. 27] That the total amount of taxes actually levied by the said state board of equalization for the year 1933 upon the assessed valuation of the taxable property within the state of Washington for the support of the state government at the meeting of said board in September, 1933, was the sum of $6,779,556, or a total levy of six mills only upon the assessed valuation for state tax purposes of said taxable property, and that the additional levy necessary to cover the said $464,873.13 of seventh year delinquencies would be 0.411 mills or a total levy of 6.411 mills, or 7.528 mills less than the total millage which would have been actually levied for said year on said property had the entire expense of state government plus such seventh year delinquencies, been raised by the imposition of ad valorem taxes upon the taxable property of the state.

That the Northern Pacific Railway Company is hereinafter referred to as the "N. P."; the Great Northern Railway Company, as the "G. N."; the Oregon-Washington

Railroad & Navigation Company, as the "O-W".; and the Chicago, Milwaukee, St. Paul & Pacific Railroad Company, as the "Milwaukee";

That approximately all of the railroads located in Washington handling interstate commerce and now and for many years last past have been owned and operated by said companies.

That the tax commission of the state of Washington is hereinafter referred to as the "Tax Commission", the state board of equalization of the state of Washington as the "state board of equalization", and the state of Washington, as the "state".

That in column (a) of table "B" are set forth the names of said railway companies as above set forth; in column (b) of said table are set forth the values of the operating real and personal property of the companies named in column (a) as found by the state board of equalization for the year 1932; in column (c) of said table is set forth the [fol. 28] value of the operating real and personal property of the said companies named in column (a) as found by the state board of equalization for the year 1933; and in column (d) of said table is set forth the several percentages which the several amounts set forth in said column (c) are of the respective amounts set forth in said column (b):

The valuation shown in said column (b) as to the "N. P." is that found by the court in litigation between said company and the counties in the federal court.

The valuation shown in said column (b) as to the "Milwaukee" is that fixed by the tax commission in a reassessment proceeding in 1933 as to the operating property of said company for 1932 and prior years.

Table B

| Name of Company (a) | Valuation found for 1932 (b) | Valuation found for 1933 (c) | Percentages which 1933 valuation is of 1932 Valuation: (d) |
|---|---|---|---|
| N. P. | ††$105,000,000 | $100,450,000 | 95.666667% |
| G. N. | 69,574,000 | 66,100,000 | 95.006755% |
| O. W. | 43,070,000 | 39,100,000 | 90.782447% |
| Milwaukee | †38,439,000 | 34,250,000 | 89.102213% |

† As fixed by tax commission in reassessment proceedings in 1933.
†† As fixed by decree of U. S. district court.

That in column (a) of Table "C" are shown the names of said railroad companies; in column (b) are shown the

equalized assessed valuations of the operating real and personal property of the companies named in column (a) as fixed by the state board of equalization for the year 1933 for the purpose of levying taxes thereon for state purposes; in column (c) is shown the total amount of taxes for state purposes which would have been levied against [fol. 29] said operating properties had the total amount of the expense of state government been raised by ad valorem taxation of the taxable property of the state, said amounts being computed by multiplying the assessed valuation shown in column (b) by .013939 representing the total millage heretofore shown in the last line of column (c), Table A; in column (d) are shown the total amounts of taxes for state purposes actually levied against said operating properties for the year 1933, said amounts being computed by multiplying the assessed valuation shown in column (b) by .006411, representing the maximum millage which can be levied for state purposes under chapter 4, Laws of 1933; and in column (e) is shown the several amounts by which the taxes which would have been levied against each said company's operating property for the year 1933 except for the limitations of said chapter 4, Laws of 1933, exceeds the taxes actually levied on said property for state purposes for the year 1933, the same being computed by deducting the figures in column (d) from the figures in column (c).

Table G

| Name of Company | 1933 Equalized value of company's operating property for state tax purposes | Total tax which would have been levied except for Ch. 4, L. '33 (.013939 x Col. "B") | Total tax actually levied (.96411 x Col. "B") | Amount of reduction in state tax by reason of Ch. 4, L. '33 (Col. "c"–Col. "D") |
|---|---|---|---|---|
| (a) | (b) | (c) | (d) | (e) |
| N. P..... | $50,225,000 | $700,086 | $321,992 | $378,094 |
| G. N..... | 33,050,000 | 460,684 | 211,884 | 248,800 |
| O–W..... | 19,550,000 | 272,507 | 125,335 | 147,172 |
| Milwaukee. | 17,125,000 | 238,705 | 109,788 | 128,917 |

That plaintiff is informed and believes, and therefore states the fact to be that the total amount of the occupation tax which would have been levied against said companies computed at 1½% of the total gross railway operating revenues of said companies for intrastate business for the whole of the year 1933 would have been not greater than [fol. 30] the following amounts: By the N. P.: $90,000; by the G. N.: $46,500; by the O-W: $11,250; and by the Milwaukee, $19,350.

That at the head of columns (a), (b), (c) and (d) of Table "D" hereinafter appearing, is set forth the names of said companies hereinbefore mentioned.

That in line (1) of said table is set forth the total ad valorem taxes payable on each such company's operating property in the state for the year 1932, computed as hereinbefore described.

In line (2) of said table is set forth the percentages of each of said company's operating property's assessed valuation for 1933 of the assessed valuation of said property for the year 1932 computed as hereinbefore described and as set forth in column (d) of Table "B" herein.

In line (3) is shown what each said company's total taxes for the year 1932 would have been had such taxes been based on the 1933 assessed valuation of said company's operating property. Said amounts are computed by multiplying the figures in line (1) by the decimal fractions in line (2) of said Table "D".

In line (4) of said table is shown the maximum total amount of ad valorem taxes which would be payable on each of said company's operating property for the year 1933 determined as hereinbefore set forth.

In line (5) of said table are shown the total amount of occupation tax payable by each computed at 1½% of each of said company's gross railway operating revenues from intrastate business for the entire year 1933, had chapter 191, Laws of 1933, been effective for said entire year.

In line (6) of said table are shown as to each of such company the sum of such company's occupation tax if imposed for the whole of the year 1933, and the ad valorem tax payable on such company's operating property for the year 1933. These amounts are computed by adding the figures in line (4) to the figures in line (5).

[fol. 31] In line (7) of said table is shown the minimum amount saved in taxes by each such company (including both ad valorem taxes and occupation taxes) for the year 1933 as compared with the ad valorem taxes payable by each such company (adjusted to 1933 assessed valuations) for the year 1932. These amounts are computed by subtracting the figures in line (6) from the figures in line (3).

In line (8) of said table is shown the ad valorem taxes which would have been levied on the operating property of each said company for the year 1933 for state purposes

only had it not been for the limitations of the 40-mill limit law (chapter 4, Laws 1933). These figures are set forth in column (c) of Table "C".

In line (9) of said table are shown the actual ad valorem taxes which will be levied on the operating property of each said company for the year 1933 for state purposes only by reason of the limitations of said chapter 4, Laws 1933. These figures are set forth in column (d) of Table "C".

In line (10) of said table are again shown the amount of occupation tax as to each such company as theretofore shown in line (5) of said table.

In line (11) of said table are shown the sum of such occupation tax if imposed for the whole of the year 1933, and the ad valorem state tax payable on such company's operating property for the year 1933. These figures are computed by adding the figures in lines (9) and (10).

And in line (12) of said table are shown as to each such company the amount actually saved in state taxes alone (including both ad valorem taxes and occupational taxes) for the year 1933 as compared with the ad valorem state taxes which would have been levied on such company's operating property for 1933 except for the limitations of said chapter 191, Laws of 1933. (Assuming said occupation tax had been collectible for the whole of the year 1933).

[fol. 32]

Table D

| Line No. | Item | N.P. (a) | G.N. (b) | O.W. (c) | Milwaukee (d) | |
|---|---|---|---|---|---|---|
| (1) | Total ad valorem taxes payable on said companies' operating property for 1932 | $2,474,397 | $1,556,512 | $771,847 | $825,895 | $5,628,651 |
| (2) | Percentage of said companies' operating properties' assessed valuation for 1933 of the same for the year 1932 | 95.666667% | 95.006755% | 90.782447% | 89.102213% | 93.85120% |
| (3) | Total ad valorem taxes payable on said companies' operating property for 1932 had such properties' assessed valuation been the same for 1932 as for 1933 (Line 2 x Line 1) | $2,367,173 | $1,478,791 | $700,702 | $736,890 | $5,282,556 |
| (4) | Maximum total ad valorem taxes which will be payable on said companies' operating property for the year 1933 under new tax plan | $2,011,875 | $1,252,960 | $609,924 | $654,770 | $4,529,529 |
| (5) | Total amount of occupation tax payable by them had the same been imposed for the whole of the year 1933 | 90,000 | 46,500 | 11,250 | 19,350 | 167,100 |
| (6) | Ad valorem taxes plus occupatien taxes payable by said companies for 1933 (Line 5–Line 4) | 2,101,875 | $1,299,460 | $621,174 | $674,120 | $4,696,599 |
| (7) | Minimum net savings in total taxes ad valorem and occupation, which said companies will realize in 1933 by new tax plan (Line 3–Line 6) | 265,298 | 179,331 | 79,528 | 61,770 | $585,927 |
| (8) | Ad valorem state taxes which would have been levied on said companies' operating property for 1933 under revenue laws in force prior to 1933 (unlimited mileage) | 700,086 | 460,684 | 272,507 | 238,705 | 1,671,982 |
| (9) | Ad valorem state taxes actually levied on said companies' operating property for 1933 under 40-mill tax limit act of 1933 | 321,992 | 211,884 | 125,335 | 109,788 | 768,999 |
| (10) | Occupation tax (see line 5 above) | 90,000 | 46,500 | 11,250 | 19,350 | 167,100 |

Table D—Continued

| Line No. | Item | N.P. (a) | G.N. (b) | O.W. (c) | Milwaukee (d) | |
|---|---|---|---|---|---|---|
| [fol. 33] | | | | | | |
| (11) | Sum of said occupation taxes and said ad valorem state taxes levied on said companies' operating property for 1933 (Line 10 plus Line 9) | $411,992 | $258,384 | $136,585 | $129,138 | $936,099 |
| (12) | Net savings in the total state taxes ad valorem and occupation, which said companies will realize as compared with ad valorem state taxes alone which would have been levied on their operating property under old law (Line 8–Line 11) | $288,094 | $202,300 | $135,922 | $109,567 | $735,883 |

[fol. 34] That the net railway operating income of railroad companies as computed by the Interstate Commerce Commission, and as adopted and acquiesced in and reported to the state regulatory body by all railroad companies operating in this state including plaintiff, is computed by deducting revenues from expenses, which revenues and expenses consist of the following items:

Said revenues are computed by adding the following items: Railway operating revenues; hire of freight cars, rent from locomotives, passenger-train cars; floating equipment; work equipment; and joint facility rent income;

Said expenses are computed by adding the following items: Railway operating expenses; railway tax accruals; uncollectible railway revenues; hire of freight cars; rent for locomotives, passenger train cars, floating equipment, and work equipment; and joint facility rents.

Replying to the allegations in defendant's answer that the apportionment to Washington of a mileage prorate of said defendant's revenues received on interstate shipments is the method usually and customarily followed in assigning revenues to the states and is as accurate as is possible in view of the inseparable nature of the business, and is in accordance with the method prescribed by the department of public works of the state, plaintiff avers that this method of apportionment is prescribed by said department of public works only as a basis upon which railroad companies are to make reports to said department, and not for the purpose of determining the true amount of such interstate revenues which should properly be apportioned to Washington in a proceeding in which the true net earnings of defendant's operating properties in Washington are involved. That for the purpose of such a proceeding, the said department would be compelled to, and would, make an exhaustive study of defendant's interstate and intrastate traffic and expenses for the purpose of determining the true and equitable proportion of such interstate revenues and expenses which should properly be apportioned to [fol. 35] Washington.

That the apportionment of revenues from interstate shipments to Washington on the basis of a mileage prorate does not apportion to defendant's Washington operating properties their fair and equitable proportion of such interstate revenues for the following, among other reasons:

That the operating properties of both the N. P., the G. N., the O-W., and the Milwaukee located in Washington constitute in each case the western terminal properties of transcontinental systems with their western termini at Puget Sound and other parts of the Pacific Coast, and their principal eastern termini are in the case of the O-W., at Omaha, Nebraska, in the case of the Milwaukee, at St. Paul and Minneapolis, Minnesota, Milwaukee, Wisconsin and Chicago, Illinois, and in the case of the G. N. and N. P., at said St. Paul and Minneapolis, and via the lines of the Chicago, Burlington & Quincy Railroad Company (of which company said N. P. and G. N each own approximately one-half of the capital stock) Denver, Colorado, Kansas City, Missouri, St. Louis, Missouri, and Chicago, Illinois. That the principal western termini of said railroads are: As to the N. P., Spokane, Tacoma and Seattle, Washington and Portland, Oregon, as to the G. N., the same cities and in addition: Everett, and Bellingham, Washington; as to the O-W: Seattle, Tacoma and Spokane, Washington, and Portland, Oregon; and as to the Milwaukee: Spokane, Seattle, Tacoma, Bellingham, and Grays Harbor and Willapa Harbor points. That in terminal states such as Washington the expenses of each of said railroads are far greater per car mile, per ton mile and per passenger mile than in the intermediate or bridge states between their principal eastern and western termini by reason of the necessity in the state of Washington, of maintaining numerous branch lines where the density of traffic is comparatively light and of maintaining expensive terminal facilities in the large cities such as depots, docks, warehouses, industrial tracks, etc., for which branches and [fol. 36] terminal facilities must be and are used by said companies for the assembling and distributing of long-haul traffic moving over said companies' transcontinental lines between their respective eastern and western termini. That by the apportionment of revenue from said companies' interstate shipments with exclusive reference to the relative miles of haul within and without the state, the contribution of the track mileage to the earnings of such revenue is alone considered and the important contribution of such terminal facilities to such earnings is wholly ignored and the contribution by the branch lines is largely ignored. That in recognition of the facts set forth in this paragraph

it is customary for the railroads in the western and other portions of the United States, in apportioning the revenues from interline shipments between companies with connecting lines, to apportion to the terminal lines far more than a mileage prorate of such revenues.

That for the reasons aforesaid, in computing the net earnings of defendant's Washington properties, defendant's railroad in Washington is entitled to a greater proportion of the revenues from interstate shipments than a relative mileage of haul prorate thereof.

In response to the allegations of said answer that the figures set forth therein as being the expenses within the state from both intrastate and interstate business, are those incurred in the state of Washington, which are wholly applicable to that state, plus a proportion of such expenses which cannot be localized, plaintiff avers that for the same reasons it is inequitable and unfair to Washington to apportion to defendant's Washington operating property no more than a mileage prorate of the revenues from interstate business, it is likewise inequitable and unfair to apportion to such Washington properties all of those operating expenses which are incurred in such state, and for the further reason that Washington being a terminal state, all of the operating expenses incident to the assembling and distributing of long-haul traffic moving to or from Washington are incurred in that state and by defendant's [fol. 37] method, are charged to defendant's operating property in said state, whereas such terminal expenses should rightfully and equitably be apportioned over the entire mileage which said traffic, both freight and passenger, is hauled. That in a terminal state such as Washington to and from which commodities and passengers are hauled in interstate commerce, the operating expenses per car mile, per ton mile and per passenger mile greatly exceed the operating expenses per car mile, per ton mile and per passenger mile in the intermediate states through which such traffic is hauled between the points of origin and destination, because of the operating expenses incident to loading and unloading, assembling the same into train loads, the maintenance of branch lines on which the traffic is comparatively light, and the maintenance and operation of expensive terminal facilities such as docks, wharves, warehouses, industrial tracks, depots, freight yards, etc., and switching as to the carrier's own traffic for that reason

such terminal expense should be distributed evenly over the entire mileage of haul and not assigned alone to the state in which such expenses are incurred. But that in computing the operating expenses within the state of Washington as to interstate traffic as set forth in said complaint, defendant has assigned all of such terminal expenses to Washington. That such assignment, and the assignment to Washington of only a mileage prorate proportion of defendant's revenues from interstate traffic, for the reasons hereinabove set forth, makes the defendant's statements in its answer as to its revenues and expenses in the state of Washington for the years 1932 and 1933, and other periods both false, misleading and valueless for any purpose.

In response to the allegations in defendant's answer that defendant's intrastate business is relatively short haul and local and is not less expensive in proportion to revenues than the interstate business affiant avers that such allega-
[fol. 38] tion is false and misleading in this: that the revenues received by defendant from its intrastate freight traffic per ton mile are, and were during the periods set forth in said complaint, far greater than those received by the defendant on its interstate business, and, consequently, that the volume of freight handled per dollar of revenue received is far less as to such intrastate business than as to such interstate business.

Wherefore, plaintiff prays judgment against defendant as prayed in its complaint herein.

G. W. Hamilton, Attorney General; R. G. Sharpe, Assistant Attorney General, Attorneys for Plaintiff.

*Duly sworn to by G. W. Hamilton. Jurat omitted in printing.*

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[fol. 39] [File endorsement omitted]

IN SUPERIOR COURT OF THURSTON COUNTY

[Title omitted]

FINDINGS OF FACT AND CONCLUSIONS—Filed March 25, 1935

I

This is an action by the State to recover from the Northern Pacific Railway Company a tax of 1½% of gross intra-

state revenues imposed by Chapter 191, Section 2 (2) (e), Laws of 1933, for the months August to December, 1933.

II

Defendant is a Wisconsin corporation. It owns and operates a system of steam railway from a point on Lake Superior, in Wisconsin, through Minnesota, North Dakota, Montana and Idaho to Puget Sound, in Washington, with main and branch lines in twenty-three counties of the state. The railroad was constructed and equipped in this state long prior to the enactment of Chapter 191, Laws of 1933, and prior to the enactment of Chapter 81, Laws of 1905, at a cost of more than one hundred million dollars, to provide, and does provide, adequate facilities for both interstate and local business in this state. At the time of, for a long time prior, and ever since, the enactment of said Chapter 191, Laws of 1933, defendant was engaged in both interstate and intrastate commerce by means of said railroad, and was subject to all provisions of the constitution of the State of Washington relating to railroads and to Chapter 117, Laws of 1911, known as the Public Service [fol. 40] Commission Law, and all amendments thereof and supplements thereto; and as well to the Acts of Congress regulating interstate commerce by railroad, and all amendments thereof and supplements thereto, including the Emergency Transportation Act of 1933.

III

Defendant's railroad system comprises 10,542.97 miles of all track of which 3,298.39 miles are and were in the State of Washington at the time said Chapter 191, Laws of 1933, became effective. Defendant's railroad is taxed in this state by Chapter 130, Laws of Special Session of 1925, on its fair market value, considered as a going concern. Ad valorem taxes have long been levied thereon and for 1933 were $2,005,000.00. The tax of 1½% of gross revenue imposed by said Chapter 191, Laws of 1933, is not a property tax, nor in lieu of a property tax, nor a supervision tax, but is an excise tax imposed on defendant solely for the privilege of doing a "steam railway business' in this state.

IV

Defendant's gross revenue from intrastate "steam railway business" (on which the tax of 1½% is computed),

for August to December, and the amount of the *the* tax, is as follows:

| Month | Gross amount | Tax |
|---|---|---|
| August | $502,689.04 | $7,540.34 |
| September | 506,312.53 | 7,594.69 |
| October | 497,551.56 | 7,463.27 |
| November | 530,465.24 | 7,956.98 |
| December | 370,729.26 | 5,560.94 |
| Total | | $36,116.22 |

These are the amounts shown in defendant's answers and second supplemental answers to plaintiff's interrogatories offered in evidence by plaintiff, less a deduction of $72,351 gross revenue for the five months and tax of $1085.26, as [fol. 41] shown in detail by defendant's Exhibit 7, sheet 4. This deduction is on account of revenue received from switching interstate freight.

It was stipulated in open court that if plaintiff be entitled to recover anything the judgment should be without prejudice to the right of either party to the adjustment and correction provided for by the act. Subject to this stipulation, the court finds that if plaintiff were entitled to recover anything the amount is said sum of $36,116.22.

V

Defendant, as a carrier subject to the acts of congress regulating interstate commerce, keeps its accounts as required by the Interstate Commerce Commission. Financial results of operation of defendant's railway system and of the portion thereof within the State of Washington for years prior to the year 1932, because of difference in revenues and operating costs, and for other reasons, are not representative of financial results of operations for the years 1932, 1933 and at the date of the trial of this case. Defendant's system net railway operating income for the years 1932 and 1933 is as follows:

| | |
|---|---|
| 1932 | $1,990,389.21 |
| 1933 | 5,975,973.63 |

The gross operating revenue for the years 1932 and 1933 was approximately $47,000,000. The increase in net revenue for the year 1933 over 1932 is due solely to decreased

operating expenses. It is not possible for defendant to further reduce operating expenses for the year 1934. The tendency in the year 1934 is towards substantial increase in operating expenses and decreased net revenues. Increased cost of operation will be still greater in 1935, especially in the large item of labor cost. Gross revenues for 1935 cannot be predicted, further than that there is nothing apparent at this time to suggest an increase. Facts known [fol. 42] at this time suggest decreased net income for 1935 due most largely to greatly increased labor costs and rising cost of materials and supplies.

VI

Defendant's gross railway operating revenues and expenses for both intrastate and interstate business, computed in the manner prescribed by the Department of Public Works of the State of Washington and as shown in the annual reports made by defendant to said Department of Public Works, ad valorem taxes in Washington, and fee paid to the Department of Public Works of Washington for 1932 and 1933 are as follows:

1932:

| | |
|---|---|
| Revenues | $12,845,325.62 |
| Expenses | 12,336,818.64 |
| Ad valorem taxes | 2,464,967.00 |
| Fee | 6,481.32 |

1933:

| | |
|---|---|
| Revenues | $12,064,954.32 |
| Expenses | 11,145,042.19 |
| Ad valorem taxes | 2,005,015.00 |
| Fee | 5,700.53 |

VII

Defendant's railway operating revenues from intrastate and interstate business in the State of Washington for 1932 and 1933, as stated in its reports to the Department of Public Works, are as follows:

1932:

| | |
|---|---|
| Intrastate | $6,613,958.99 |
| Interstate | 6,231,366.63 |

1933:

| | |
|---|---|
| Intrastate | 5,802,530.12 |
| Interstate | 6,262,424.20 |

VIII

(a) Revenue assigned to Washington in Paragraph VI, supra, comprises the entire revenue from local business and a mileage proportion of revenue from interstate business; that is to say, if the total mileage of an interstate shipment be 1000 of which 200 is in Washington one-fifth of the revenue is assigned to Washington. The mileage prorate method has been used by defendant in all of the [fol. 43] states through which it operates for many years; it is in general use throughout the United States; it is the method prescribed by the Department of Public Works and Interstate Commerce Commission. The court finds that it is the best, in fact the only one available. This question received more attention at the trial than its importance justifies. Its only materiality is that defendant apportions state taxes to its intrastate business on the relation of gross revenue from intrastate to gross revenue from interstate business. To increase the assignment of interstate revenue to the state reduces proportionately the assignment of taxes to the intrastate business. Such increase, if any, would be too small to affect the final result. Plaintiff did not offer any other method; much less did plaintiff attempt to prove the amount by which the assignment of interstate revenue ought to be increased. The court finds that the mileage prorate method is correct.

(b) The expenses in Washington stated in Paragraph VI, supra, were incurred in transacting the entire business, both intrastate and interstate. They are those expenses wholly applicable and capable of direct assignment as having been incurred in the state plus a mileage proportion of common expenses applicable to the system as well as to the state. This method of apportioning expenses is the one used in all of the states in which defendant operates; it is the method prescribed by the Department of Public Works; it has been in use for many years in this state and throughout the United States; nor has any other or different method ever been used. No other method has any support in precedent nor was any other suggested by plaintiff. It is

necessary that a uniform method be used in all states, otherwise the sum of the expenses in the several states will not be the same as the total system expenses. The evidence affords no reason for departing from the uniform accounting system in this case. The court finds that the ex-
[fol. 44] penses incurred in this state are correctly stated in Paragraph VI hereof.

IX

(a) The uniform system of accounts makes no provision for dividing expenses within a state between intrastate and interstate business. It has been long known and universally recognized that intrastate transportation is much more expensive per unit of freight than interstate. Some of the reasons are the much shorter average haul of the intrastate; lesser traffic density, especially on branch lines most largely used locally; much less tonnage per train; more frequent stops; terminal expense in originating and delivering intrastate freight whereas interstate freight incurs only one or the other in the state. These and other peculiarities of intrastate business make it greatly more expensive per unit of freight than interstate business. While the revenue per ton mile of intrastate freight moving on defendant's railroad in 1933 was 137.32 as compared to 100 for interstate freight, the passenger revenue per mile was for intrastate only 100 as compared to 122.83 for interstate. It is neither possible nor necessary to find the exact percentage of additional cost of intrastate business over interstate, but the court finds that such cost is greater in proportion to revenue than the cost of the interstate.

(b) Because no accounts are kept currently of the expenses of intrastate business separately from interstate business within the state a special study was required. This study was made by defendant's witness, E. V. Peterson, a railroad statistician and accountant of ability and experience. The passenger expense and freight expense are determined separately. For the purpose of the freight expense study the week October 22-28, 1933 was selected, first having been found representative of the entire year 1933. With respect to the test week the court finds that in
[fol. 45] fact it was too favorable to plaintiff, in that it was better than an average week of 1933 and its use results in understatement of the cost of defendant's intrastate

freight business for the year 1933 by approximately $300,000.

(c) Freight Expense.—A special study was made of each train run in the state for the test week, October 22-28, 1933, to ascertain the car miles, gross and net ton miles and kind of freight, whether intrastate or interstate. In this way the train operation expense for wages, fuel, water, lubricants, etc. was ascertained. The actual wages are divided between intrastate and interstate in proportion to the car miles of each class. Fuel and supplies including round house expense on relation of gross ton miles. Expenses of freight car repairs is the average of the last three years in the state of which 7/365ths are assigned to the test week and divided between intrastate and interstate on the relation of car miles during the test period. For freight car depreciation and retirements the cost in 1933 is used. Steam locomotives depreciation and retirements is assigned to intrastate on the relation of gross ton miles. Station employees and supplies for the test week are 7/365ths of the year 1933 and apportioned to intrastate on the relation of tons handled; maintenance of way and structures is the average of the last three years incurred in Washington, of which 7/365ths is assigned to the test week and apportioned to intrastate traffic on relation of car miles in the test week; traffic expense is taken for the year 1933 and apportioned to intrastate business on relation to tons of revenue freight.

(d) The expense of switching in terminals termed "yard expense", was ascertained by a separate study made in the week June 3 to 9, 1934 after determining that the period was representative of the year and of conditions during the week October 22-28, 1933. This study was made by an accepted and widely used method known as the "Coverston-Sauer Formula". This formula has often been used [fol. 46] in important cases before the Interstate Commerce Commission and has the approval of that body. It has been used and accepted in a number of court cases in this state. The basis is the engine hour cost of switching in the several classes of switching work; as for example breaking up and assembling cars into trains; moving cars between the break up yards and industrial tracks. The total cost includes wages, supplies, maintenance of tracks and loco-

motives, and all applicable costs ascertained in detail and segregated by appropriate account numbers in accordance with the uniform system of accounts prescribed by the Interstate Commerce Commission. The details are too voluminous to be set out in these findings. They are fully described in the testimony. Plaintiff offered no evidence to challenge the accuracy of the results shown by either of the cost studies, except in the few particulars to be hereafter noticed.

(e) The total freight operating expenses incurred in conducting defendant's intrastate freight business for the test period October 22-28, 1933 was $75,078.42. These expenses are shown in detail in Defendant's Exhibit 7, sheet 12, as follows:

| | |
|---|---|
| Train and engine wages | $9,826.25 |
| Fuel for locomotives, water, lubricants, other supplies and engine house expenses | 6,683.07 |
| Locomotive repairs (road service) | 4,592.71 |
| Yard expenses | 9,104.69 |
| Freight car repairs, depreciation and retirements | 9,552.01 |
| Steam locomotives, depreciation and retirements | 1,187.64 |
| Station employes and station supplies and expenses | 9,603.60 |
| Miscellaneous transportation accounts | 2,877.65 |
| Miscellaneous maintenance of equipment accounts | 1,477.30 |
| Maintenance of way and structures | 11,202.01 |
| Traffic expenses | 3,086.41 |
| General expenses | 5,945.44 |
| Transportation for Investment—Cr. | (60.36) |
| Total freight operating expenses | $75,078.42 |

[fol. 47] The details of each item on sheet 12 are shown on sheets 13 to 22 inclusive of Exhibit 7.

(f) Having ascertained the expense incurred in conducting the intrastate freight business during the test week the next step was to ascertain the revenue net ton miles of intrastate freight handled during the period. These revenue net ton miles are 7,629,079, shown on sheet 13 of Exhibit 7. Dividing these revenue net ton miles into the cost of $75,078.42 incurred in making them gives a cost per revenue net

ton miles of .98411¢. To obtain the annual cost the total revenue net ton miles of intrastate traffic in Washington for the year 1933 is multiplied by the cost per revenue net ton mile shown for the test week. These ton miles are reported to the Department of Public Works in the annual report and are official figures. They are 334,493,591 multiplied by .98411¢ gives $3,291,785 as the expense incurred in 1933 in conducting defendant's intrastate freight business. This figure is shown on sheet 6 of defendant's Exhibit 7, as follows:

"Freight operating expense..... $3,291,785."

(g) The court finds that the freight operating expense for the year 1933 shown by said cost studies in the sum of $3,291,785 is approximately correct and as nearly mathematically correct as is possible in view of the manner in which interstate and intrastate business is and must be conducted. The inaccuracy is on the side of understatement of cost, rather than overstatement because traffic in the test week was heavier than in the average week of the year, resulting in a lower cost per net ton mile in the test week than the average week of 1933. The additional cost for the year was estimated by witness Peterson at $300,000. His estimate was not questioned by any witness for plaintiff.

[fol. 48] Intrastate Passenger Expense

(h) Expense of defendant's intrastate passenger business is shown on sheet 11 of Exhibit 7. It is computed in this manner: 1st, the expenses applicable solely to passenger business are ascertained and directly assigned to passenger; 2nd, expenses for maintenance of way and structure in road accounts are divided between freight and passenger on the relation of the cost of fuel for locomotives used in freight and passenger service. Other accounts are divided by the method prescribed by the Interstate Commerce Commission for allocating common freight and passenger expenses. The same method has been long prescribed by the Department of Public Works. No other method is known or has ever been used. The passenger proportion of total operating expense is $3,142,708. This expense is divided between intrastate and interstate passenger business on the relation of revenue passenger miles,

of which 47.76% were intrastate, giving an expense for intrastate passenger business in 1933 of $1,500,957. This expense is out of proportion to passenger intrastate revenue of only $429,635. The explanantion is: 1st, that defendant's assignment to intrastate passenger revenue includes nothing for intrastate mail and express revenue. There should be added for that account $221,359 and equivalent deduction made from the assignment to interstate passenger revenue. This matter is hereinafter discussed. 2nd, the division of common expenses between passenger and freight has not been revised to take account of the disproportionate shrinkage in railroad passenger revenues due to motor vehicles on the highways. It is said that it has been given consideration but no conclusions have been reached. It is of no importance in this case for the reason that whatever is deducted from passenger expense must be added to freight expense and we are here concerned with total expense only, viz., what was the expense of transacting defendant's intrastate "steam railway business" in the year 1933. That expense compared with the income will give the answer with which this case is concerned.

[fol. 49] (i) Plaintiff's witness Manschrek suggests the use of the relation of gross passenger revenues as a basis of division. By the use of this method the apportionment of expense to intrastate passenger business is reduced by about $500,000. The court finds that apportionment on the relation of revenue passenger miles is correct and the gross revenue basis incorrect. Revenue passenger miles, viz., the number of revenue passengers multiplied by the number of miles carried, bears a direct relation to the expenses because the expense is incurred in rendering the service. The gross revenue has no relation to the expense. The expense remains the same regardless of the cost of a ticket, and, of course, regardless of the revenue. Especially is gross revenue incorrect as applied to defendant's business because since about 1929 intrastate short haul passenger fares have been greatly reduced by the necessity of meeting highway competition. Prior to 1929 the intrastate revenue per passenger mile was substantially in excess of interstate revenue. In 1933 the intrastate compares with the interstate as 100 to 123.83. It is a matter of common knowledge that short haul intrastate passenger revenue of railroads is declining almost to the vanishing point. In the use

of gross revenue as a basis of apportionment Manschreck took no account of a proper apportionment of mail and express revenue to intrastate passenger business. This revenue totals $463,000. He repeated defendant's error in this. As the court finds that $221,359 should be added to the intrastate column the grounds of Mr. Manschreck's criticism are met and the discrepancy between the cost and revenue of intrastate passenger business is most largely removed.

(j) The court finds that $221,359 should be added to the intrastate passenger revenue and a corresponding amount deducted from the interstate, and that an apportionment of passenger expenses to intrastate passenger business on the [fol. 50] relation of revenue passenger miles is correct.

Expenses of intrastate passenger business for the year 1933 is correctly shown on defendant's Exhibit 7, page 6, as follows:

"Passenger operating expenses ..... $1,500,000."

The intrastate passenger revenue shown on Exhibit 7, page 7, of $429,635 should be increased by $221,359 and so increased is correctly shown at $650,994.

[fol. 51]

X

Intrastate Revenue

(a) The gross operating revenue for business done within the State of Washington, as reported by defendant to the Department of Public Works, for the year 1933 was $5,802,530. The above figure includes certain revenues classified as intrastate, but which are, in fact, interstate revenues. It has been customary in reporting to the Department of Public Works to include revenue traffic moving from a point within the state to a state port on through bills of lading to interstate and foreign destinations by water as intrastate; and to classify all revenue from switching collected in the State of Washington as intrastate, whether or not said revenue was received for switching intrastate or interstate cars. The court finds that the amount included in said sum of $5,802,530 (reported to the Department of Public Works as gross intrastate revenue), on account of said interstate items is as follows:

| | |
|---|---|
| Account of foreign or interstate commerce | $369,606 |
| Account switching interstate traffic | 161,031 |
| Total | $530,637 |

The court finds that said sum of $530,637 must be deducted from said sum of $5,802,530 in order to obtain the correct amount of revenue received by defendant for intrastate business in Washington, and said sum, after making said deductions, is $5,271,893.

The court further finds that defendant has deducted the expense of doing said foreign commerce and interstate switching from the expenses incurred in doing its intrastate business for 1933.

XI

Taxes

(a) Ad valorem taxes paid by defendant on its property in Washington for the year 1933 were $2,005,015. The filing fee of 1/10 of 1% paid to the Department of Public Works for the year 1933 was $5,170.00. The federal taxes [fol. 52] chargeable to Washington, consisting of capital stock tax, federal transportation tax and U. S. excise taxes, were $8,066. The system operating revenue for the year 1933 was $47,578,677. The ratio of federal taxes to system operating revenue was .153%. This percentage of .153 of Washington intrastate freight and passenger revenue was $8,066.

(b) The total revenue received in Washington for the year 1933 was $12,064,954 and the total state taxes were $2,005,015, or a percentage of 16.618. The total intrastate revenue for the year 1933 was $5,271,893 and 16.618% is $876,083 and is the amount of state ad valorem taxes applicable to intrastate business. The total taxes paid by defendant for the year 1933 on account of and chargeable to its intrastate traffic are as follows:

| | |
|---|---|
| Ad valorem taxes | $876,083 |
| Filing fee 1/10 of 1% | 5,170 |
| Federal taxes | 8,066 |
| Total Washington intrastate tax | $889,319 |

XII

Apportionment of taxes to intrastate business on the relation of gross interstate and intrastate revenue is a gen-

erally used basis, has been used in rate litigation heretofore occurring in this state, and is correct. The alternative method suggested by plaintiff, viz:—the relation of freight car miles plus passenger car miles, is without precedent, and is incorrect. Plaintiff's contention that ad valorem taxes paid by tenant lines, viz: by other railroad companies using some of defendant's lines in Washington, should be deducted from defendant's taxes is not correct. Taxes paid by said other railroad companies for use of defendant's facilities are included in and a part of the rental paid by said companies. Said taxes are classified as rental by the Interstate Commerce Commission. If, however, a proportion of those taxes should be deducted from taxes paid by defendant the amount is $123,010. It is not sufficient to [fol. 53] affect the result. Plaintiff contends that defendant should credit a part of the mail and express revenue to local business. This revenue is classified as interstate. The court finds that this objection is well taken and that a proportion of mail and express revenue should be credited to revenues earned in the State of Washington. The total amount of mail and express revenue received in Washington by defendant in 1933 is $463,485. This revenue was earned by passenger trains. The intrastate proportion is 47.76% based on the relation of interstate revenue passenger miles to intrastate revenue passenger miles, or $221,359. This amount should be taken from interstate and added to the intrastate passenger revenues for 1933. After crediting the above sum of $221,359, there is a net deficit from defendant's intrastate business for the year 1933 of $192,507. After making these corrections the account is summarized as follows:

| | | |
|---|---|---|
| Revenues | $5,271,893 | |
| Credit account mail and express | 221,359 | |
| Total | | $5,493,252.00 |
| Expenses | $4,796,440 | |
| Taxes | 889,319 | |
| Total | | 5,685,759.00 |
| Deficit | | 192,507.00 |
| Occupation tax | | 36,116.22 |
| Aug.-Dec. 1933 (if valid). | | |
| Total deficit | | $228,623.22 |

[fol. 54] XIII

(a) In figuring expense of maintenance of way and freight car repairs defendant used the average cost of three years ending December 31, 1933. Maintenance is not an evenly recurring annual item. There was deferred maintenance of defendant in 1933. It is customary in railroad accounting to use a longer period than one year, either five years or three years. Maintenance expense, computed on an average of five years, is greater than for three years. The court finds that the average of three years maintenance expense is correct. Plaintiff's witness offered an exhibit in which maintenance was figured on the basis of but one year, viz: the year 1933. This witness did not state that one year is a proper period for computing maintenance. The court finds that it is too short and cannot be used.

(b) The court finds that no criticisms or suggestions other than as herein noticed, of defendant's methods of accounting were made by plaintiff; and further finds that, with the exception of the item of proportion of revenue from mail and express for which credit has been allowed, defendant's accounting of said revenues and expenses is approximately correct and rather overstates the amount of intrastate revenue than understates the same; and rather understates the expenses chargeable to defendant's intrastate business than overstates the same.

XIV

Capital Expense

(a) The gross intrastate revenue of $5,493,252, as stated in the preceding finding, does not include any part of net joint facility rents. Net joint facility rents is the amount paid by other railroad companies for use of defendant's railroad facilities in this state less amount paid by defendant to other railroads on the same account. By far the largest item is rental paid by the Great Northern Railway [fol. 55] Company and Oregon-Washington Railroad & Navigation Company for use of defendant's track and facilities between Seattle and Vancouver, Washington. This income does not accrue from the business of "a steam

railway." It is strictly a rental item and has always been so classified in the uniform system of accounts. As such it is not taxable under Chapter 191, Laws of 1933, and it is not claimed to be taxable by the State Tax Commission. The amount of these rentals received by defendant in Washington for the year 1933 are shown on page 8 of Exhibit 7 as $1,355,064. The amount assignable to intrastate operations for 1933 is $582,774.

(b) Interest on defendant's funded debt for 1933 was $14,241,028. This item is stable and regularly recurrent. The interest on certain bonds, known as "B" and "C" bonds, which were issued in payment of the purchase price of one-half of the stock of the Chicago, Burlington & Quincy Railroad Company, is not an operating expense and must be subtracted. This interest amounts to $6,792,691. The balance of interest on defendant's funded debt is $7,448,337 and represents the cost of that part of the capital invested in defendant's railroad secured by a lien on its operating property. Defendant also has outstanding capital stock of the par value of $248,000,000. It is not necessary, however, to further refer to that item. Of the bond interest of $7,448,337 the amount properly to be assigned to Washington is approximately 25.09%, or $1,868,788. The freight proportion of that sum should be computed on the basis of the relation of the freight operating expenses in the State of Washington to the total operating expenses in the state in the year 1933 and amounts to $1,341,790. The passenger propo-tion should be computed on the relation of the intrastate passenger operating expenses in the State of Washington to the total expenses in the State of Wash-
[fol. 56] ington, and amounts to $526,998. The Washington intrastate freight proportion of said bond interest, based on the relation of revenue ton miles for the year 1933, amounts to $534,837. The Washington intrastate passenger proportion of said bond interest, based on the relation of revenue passenger miles intrastate to total revenue passenger miles in Washington in 1933 is $251,694. The court finds that the total amount of bond interest correctly chargeable and assigned to defendant's intrastate freight and passenger business is the sum of $786,531. The court further finds that said bond interest is for hire of capital and is an expense of operation and must be taken into consideration in determining the expense of defendant's intrastate busi-

ness in Washington. The details of the computations are shown on defendant's Exhibit 7, sheet 2.

(b) The assessed value of plaintiff's operating property in Washington for the year 1933 was $100,450,000. Said assessed value should be assigned to Washington intrastate business on the same basis as used for bond interest and, so assigned, amounts to $42,277,195. Interest at 6% on said valuation is $2,536,632.

(c) The cost of reproduction new less depreciation of defendant's operating property in Washington, as found by the Interstate Commerce Commission, in Volume 25 of its Valuation Reports, plus cost of net additions and betterments to December 31, 1933, is $167,437,700. Said amount apportioned to defendant's intrastate freight and passenger business on the same basis as bond interest is $70,470,844. 6% of said sum is $4,228,251.

(d) If there be credited to Washington the intrastate proportion of said joint facility rents and intrastate business be charged with its proper proportion of bond interest as above stated, there is a further loss of $203,757 in addition to the loss of $228,618.22 resulting from intrastate business as hereinbefore found. If interest on the assessed value of that part of defendant's operating property de- [fol. 57] voted to intrastate business be used instead of bond interest, the additional loss is $1,953,858. If interest on the Interstate Commerce Commission's cost of reproduction, plus cost of additions and betterments, be used instead of assessed value, the additional loss is $3,645,477. The details of these computations are shown on page 3 of defendant's Exhibit 7.

## XV

### Dependency of Interstate on Local Business

The court finds that defendant's interstate and local business is inseparably commingled and mutually dependent. For the year 1932, representative of 1933, defendant's gross freight revenue in Account 101 of the Uniform System of Accounts for all business done in Washington was $10,570,609, of which $5,497,482 was from intrastate business and $5,073,127 was from interstate business. For said year the local revenue ton miles, viz: the number of revenue tons carried one mile, were 326 million and the inter-

state revenue ton miles carried in this state were 427 million, in round numbers. For the week of March 25 to 31, 1932, a representative period, a special study made by defendant proves that its intrastate revenue net ton miles were 6,824,237, and the interstate revenue net ton miles carried in the State of Washington were 7,601,845, or 47.30% and 52.70% respectively. Of the local revenue net ton miles, 3,022,719 were eastbound and 3,801,518 westbound; and of the interstate revenue net ton miles 5,175,941 were eastbound and 2,425,904 westbound within the state. Both intrastate and interstate business, eastbound and westbound, were transported by defendant over the same lines of railroad, in the same trains, by means of the same employes, and with the same facilities. It is not possible, practically and economically, or at all, to carry intrastate freight separately from interstate freight by different lines of railroad, in different trains, or by means of different facilities and employes. Defendant's gross income from transportation of passengers in this state included [fol. 58] in Account 102 of the Uniform System of Accounts for the year 1932, and representative of 1933, was $943,250.73, of which $379,715.40 was from intrastate business and $563,535.33 from interstate business. The number of revenue passengers carried during said year in this state was 280,521, of which 145,061 were carried intrastate and 135,460 were carried interstate. The number of revenue passenger miles, viz: revenue passengers carried multiplied by the number of miles, was 42,735,770 of which 18,739,808 were carried intrastate and 23,995,962 were carried interstate. The larger part of said passengers were carried on interstate through trains East and West bound and North and South bound. Passengers carried on local trains operating in local service are relatively few, and those trains also carry some interstate passengers. The court finds that it is not possible to carry said intrastate and interstate passengers on separate lines of railroad or by separate trains, economically and efficiently, or at all, and defendant's intrastate and interstate passenger traffic is inseparably commingled with and mutually dependent to the same extent and in the same manner as the freight traffic. Statistics for the year 1933 could not be prepared in time for the trial of this case, but the evidence shows, and the court finds, that the operation is substantially the same as for the year 1932 hereinbefore stated.

## XVI

### Result of Abandonment of Intrastate Business

If defendant should abandon its local freight business and continue to do its interstate freight business, it would thereby reduce its train service and expense thereof within this state approximately $870,088 per annum for the year 1932, and would reduce its car mileage in trains not discontinued, and thus reduce its expenses approximately $601,535, a total reduction of expense of freight business [fol. 59] in Washington of approximately $1,471,623, but would lose its entire gross revenue from local freight business of $5,497,482. These figures are shown by a study of operations for the year 1932 found in defendant's Exhibit 15 and were the latest available at the time this case came to trial. The results would be approximately the same for 1933. Defendant cannot reduce its passenger service nor the expenses attributable thereto, but would have to run the same trains on account of its interstate business which it now runs for both intrastate and interstate business and, by discontinuing its local passenger business, defendant would lose its gross revenue from intrastate passenger transportation $379,715.40 received in 1932. This sum would be a net loss to defendant. The result of abandoning the intrastate business is summarized as follows:

| | |
|---|---|
| Total Operating Expenses (1932) | $12,336,818 |
| Reduction | 1,471,623 |
| Expense if local business be abandoned | $10,865,195 |
| Interstate revenue | 6,231,366 |
| Loss on interstate business | $4,633,829 |
| Ad valorem taxes | 2,464,967 |
| Net loss including taxes | $7,098,796 |

[fol. 60]

## XVII

Defendant's interstate business is absolutely dependent upon its intrastate business and defendant could not, as a matter of fact or as a practical matter, abandon its intrastate business and continue to transact its interstate busi-

ness; and, if defendant should do so, the result would be insolvency and bankruptcy within a short period and destruction of its interstate business and of the value of its property. The entire burden of maintaining and operating defendant's interstate system of railroad, constructed and equipped to handle both intrastate and interstate traffic, would fall on the latter. This would necessitate an increase of rates and fares far greater than the interstate business could bear, as a practical matter, or at all, and the immediate result would be the destruction of an essential instrument of interstate commerce and transportation of the mails, troops and munitions of the United States and of the value of defendant's property, amounting to many millions of dollars. The court finds that the privilege tax imposed by said Chapter 191, Laws of 1933, of 1½% of defendant's gross intrastate income is in reality and as a matter of fact a tax for the right to do both intrastate and interstate business and taxes the revenues received by defendant therefrom and income earned in other states and upon property located outside of Washington not subject to the taxing power of this state.

## XVIII

The court finds that defendant's railroad is well located and economically managed and serves all but one of the principal cities and towns of the state. The operation of its railroad in intrastate business is essential to the people of this state. Defendant cannot increase many of its local rates because of competition of other kinds of transportation and for economic reasons. Under the laws of this [fol. 61] state, it cannot do so without consent of the Department of Public Works. Defendant has heretofore applied for an increase of local rates and said application was denied by the Department of Public Works in an order, a copy whereof is attached to defendant's answer, marked "Exhibit C", and made a part of this finding. The court finds that defendant, as a practical matter, has been unable to increase its revenues from local business and further finds that whether it can do so in the future is a matter attended with great uncertainty and could be accomplished only after long and expensive litigation, and such increases, if obtained, would have no bearing upon defendant's income in the year 1933 or for many years subsequent thereto.

There is at this time an application before the Interstate Commerce Commission, known as Ex Parte 115, for increased rates and a similar application before the Department of Public Works. No decision has been made and it is not known what increases, if any, will be allowed by said commission, nor what the attitude of the Department will be in the similar state case pending before it. The court finds that defendant has done all it can do to increase its revenue but is unable to do so.

XIX

The court finds that this suit was originally filed in the District Court of the United States for the Western District of Washington and since said suit was filed Senate Bill 18 was introduced at the special session of the 1933 legislature of this state; that this bill was prepared and enactment urged by attorneys for the State of Washington and by a member of the Tax Commission of the State of Washington; that the passage of said bill was so urged for the stated purpose of defeating defendant's contention in this case that it is obligated under the laws of this state to do intrastate business. Said bill did not pass. A copy is attached to defendant's answer, marked "Exhibit D", and made a part hereof.

[fol. 62] Conclusions

(1) The tax imposed by Chapter 191, Laws of 1933, is an excise or occupational tax as distinguished from a property or other kind of tax. It is imposed for the "privilege of engaging in business activities". As applied to defendant a tax of 1½% is imposed for the privilege of engaging in the business of a "steam railway". In view of the language found in Sec. 5 the prescribed percentage of gross income must be computed only upon the gross income received from intrastate "steam railway business". Income from other business activities in which defendant may be engaged are taxable, if taxable at all, at other rates. This case is not concerned with them. The privilege for which the tax is nominally imposed is for doing intrastate "steam railway business".

(2) A state may require payment of an occupation tax from one engaged in both intrastate and interstate com-

merce. But a state cannot tax interstate commerce or the privilege of engaging in it. Where conditions are prescribed, a license required and a tax imposed on one engaged in both interstate and intrastate commerce certain conditions must be met. One is that the party taxed must be free in law and fact to withdraw from its intrastate business while continuing to transact its interstate business free of the tax. Chapter 191, Laws of 1933, does not meet this condition. The court is of opinion and concludes:

(3) Defendant was not and is not free, under the Constitution and laws of this state, to withdraw from its intrastate business while continuing to transact its interstate and foreign business. It performs an indispensable service for the people of Washington from which it cannot withdraw. Its continued performance of this service is compellable at the suit of the state and of citizens of the state having an interest in such performance.

[fol. 63] (4) Defendant is an interstate carrier by railroad subject to the Acts of Congress regulating interstate commerce. Under several provisions of the Act, especially Sec. 1 (18) to (21) defendant is not permitted to abandon its lines in this state, or any of them, or the operation of said lines or any of them, in either interstate or intrastate business unless it shall have first obtained a certificate from the Interstate Commerce Commission that the present or future public convenience and necessity permit of such abandonment. Obtaining such a certificate is a precedent and indispensable condition of the right of abandonment of operation of any line or part of line of a carrier subject to the Acts of Congress. The prohibition applies to the strictly intrastate business of an interstate carrier by railroad and to every part of its line operated in connection with or as a part of its interstate system. The Interstate Commerce Act, as well by Sections 13 (4), 15a, 19a, and others, as by Sec. 1 (18) to (21), (especially in view of the dependence of defendants' interstate business upon its local business), has forceful application, and is an insuperable obstacle to abandonment of the intrastate business while attempting to continue to transact interstate and foreign business.

(5) Nor can defendant as a matter of fact, or as a practical matter, withdraw from its intrastate business while

continuing to transact its interstate and foreign business. Defendant's railroad was constructed to handle both classes of business. To abandon its intrastate business would throw the entire burden of operating and maintaining the interstate system on interstate commerce. This burden, as a practical matter, it could not bear. Defendant's interstate business would necessarily be destroyed. Its property would be confiscated.

[fol. 64] (6) The court concludes, therefore, that Chapter 191, Laws of 1933, in its requirement of a license (Sec. 3), the making of reports (Sec. 6) and payment of a tax of 1½% of gross income from intrastate railway business as a condition of the right to engage in intrastate railway business violates Art. 1, Sec. 8, and the 14th Amendment to the Constitution of the United States and as well Sec's. 1 (18) to (21), 13 (4), 15a and 19a of the Interstate Commerce Act and the Emergency Transportation Act of 1933, and is void as applied to defendant.

(7) The court is of opinion and concludes that there is another insuperable objection to the validity of Chapter 191, Laws of 1933. As the court finds that defendant's intrastate business was conducted at a loss in the year 1933; that the loss for 1934 is more likely to be greater than less; and that the immediate future does not afford grounds for reasonable or definite expectations of change for the better, the incidence of the tax falls directly upon income of defendant's interstate and foreign commerce, income earned in other states, and income not taxable by said act. Under such circumstances the tax is a burden on interstate commerce prohibited by the commerce clause and as well violates both the due process and equal protection clauses of the 14th Amendment.

(8) Let judgment be entered dismissing plaintiff's action with prejudice and costs to defendant.

Signed in open court this 25th day of March, 1935.

D. F. Wright, Judge.

I hereby acknowledge due service of a copy of defendant's findings of fact and conclusions of law this 20th day of March, 1935.

R. G. Sharpe, Attorney for Plaintiff.

[fol. 65] In Superior Court of Thurston County

No. 15415

State of Washington, Plaintiff,

vs.

Northern Pacific Railway Company, Defendant

Judgment—Filed March 25, 1935

The court having heard the evidence and the argument and having made findings of fact and conclusions of law, and being fully advised, now on motion of defendant's counsel it is Ordered and Adjudged that plaintiff's action be and the same is hereby dismissed with prejudice and with costs to defendant, taxable by the Clerk, in the sum of $—.

Dated the 25 day of March, 1935.

D. F. Wright, Judge.

[File endorsement omitted.]

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[fol. 66] In Supreme Court of Washington

No. 25684. En Banc

The State of Washington, Appellant,

v.

Northern Pacific Railway Company, a Corporation, Respondent

Opinion—Filed Aug. 13, 1935

This action was brought to recover the tax on the gross income of the defendant, imposed by chapter 191, Laws of 1933, for the months of August to December, 1933. The cause was tried to the court without a jury, and resulted in findings of fact from which the court concluded that the plaintiff was not entitled to recover. Judgment was entered dismissing the action, from which the plaintiff, the state of Washington, appeals.

The respondent owns and operates a system of railroad extending from a point on Lake Superior, Wisconsin, through Minnesota, North Dakota, Montana and Idaho, into and through a number of counties in this state, with branch lines into the state of Oregon and British Columbia. It is engaged in both intrastate and interstate commerce, carrying freight and passengers. As found by the trial court, the interstate and intrastate business in this state is inextricably commingled, and the intrastate business is conducted at a loss, and it is necessary to make up this loss from the income from interstate business.

Chapter 191 of the Laws of 1933 is entitled an act relating to taxation, and imposes taxes upon the privilege of engaging in business activities in this state. The amount [fol. 67] of the tax is based upon the gross income. In section 2 of the act, it is provided that:

"From and after the first day of August, 1933, and until the thirty-first day of July, 1935, there is hereby levied and there shall be collected from every person an annual tax or excise for the privilege of engaging in business activities. Such tax or excise shall be measured by the application of rates against values, gross proceeds of sales, or gross income, as the case may be, as follows: * * * (e) Upon every person engaging or continuing within this state in the following businesses; as to such persons the amount of tax or excise shall be equal to the gross income of the business multiplied by the rate set out after the business, as follows: * * * III. Steam railways: one and one-half per cent. * * *"

It is under this act that the tax in question was sought to be collected by the state and which was resisted by the respondent railway company, as above indicated.

The first question is whether the legislature intended to levy the tax upon the gross income of the respondent, derived from both interstate and intrastate commerce. In the portion of the act quoted, it will be observed that it is provided that the tax is levied upon every person "engaging or continuing within this state in the following businesses." This quoted expression is used, not only in referring to the tax upon steam railways, but upon the other businesses mentioned in the act which are purely of a local nature. If it was the legislative intent to levy the tax upon

the gross income from interstate commerce, it would necessarily, to that extent, be unconstitutional as being repugnant to the commerce clause of the federal constitution. About this there can be no question, as it has been many times so held by the federal supreme court.

In State v. Northern Express Co., 80 Wash. 309, 141 Pac. 757, there was involved an act of the legislature which imposed upon express companies a privilege tax of five per [fol. 68] cent, based upon the gross receipts of such companies. In that case, the expression used was that the tax was imposed for the privilege of "doing business in this state" or on "business done within the state of Washington." It was there held that the expressions used had reference to business begun and ended within this state, and that the tax, being upon intrastate commerce only, did not place a burden upon interstate commerce. It was there said:

"The phrase 'gross receipts of such express company for business done within the state of Washington,' to which the tax is alone applicable, is an expression of the legislative intent to limit this tax to business wholly within this state; that is, business begun and ended within this state."

It will be observed that, there, the expression was business done within this state or within the state of Washington. In the case we are now considering, the expression is "engaging or continuing within this state" in business. It is probably true that the expression used, which was involved in the case cited, more clearly indicates a legislative intent not to impose the tax upon interstate commerce than does the expression used in chapter 191, Laws of 1933. However this may be, when we read the expression used in that chapter, not only as applied to a business which is both interstate and intrastate, but its repeated application to businesses which are purely local, it would seem that the legislative intent was reasonably plain, and that the purpose was not to impose the tax upon interstate business, but upon intrastate or local business only. If it be that the expression used leaves the matter in the zone of doubt, then that doubt should be resolved in favor of the constitutionality of the law. In such a case, the construction will be adopted which will harmonize the statute with the

constitution and avoid a conflict therewith. Robb v. Tacoma, 175 Wash. 580, 28 P. (2d) 327.

[fol. 69] That a state, through its legislature, has no power to levy a tax which would be a direct burden upon interstate commerce is well known and understood by all lawyers and many laymen. For the court to hold that the legislature, in enacting chapter 191, intended to impose the excise tax therein provided for for the privilege of doing interstate business in this state, would be too great a reflection upon the intelligence of the members of a coordinate branch of the state government. The act, as we view it, was only intended to apply to local or intrastate business.

The next and, as we view it, the important and difficult question is whether the tax may be collected, even though the railway company, the respondent, may not be able to retire from its intrastate business without also discontinuing its interstate. In this connection, it will be assumed (a) that the respondent cannot, as a matter of law, retire from its intrastate business; (b) that it is impractical, as a matter of fact, for it to retire from its intrastate business without also retiring from its interstate; and (c) that the intrastate or local business is conducted at a loss which is taken care of by the receipts from the interstate business. Giving effect to these assumptions, inquiry must be directed then to whether the tax is valid, even though the railway company may not be able to retire from its intrastate business without retiring from its interstate, and that the intrastate business is conducted at a loss.

In the case of Sprout v. City of South Bend, 277 U. S. 163, the court had before it an ordinance of the city, in the state of Indiana, which prescribed license fees varying in amount depending upon the seating capacity of a bus, the bus company being engaged in both intrastate and inter-

[fol. 70] state business and it was there held that "the ordinance is void because of the imposition of the license fee." In the course of the opinion, it was said that a state may, by appropriate legislation, require the payment of an occupation tax from one engaged in both intrastate and interstate commerce, but, in order that the fee or tax may be valid,

"• • • it must appear that it is imposed solely on account of the intrastate business; that the amount exacted

is not increased because of the interstate business done; that one engaged exclusively in interstate commerce would not be subject to the imposition; and that the person taxed could discontinue the intrastate business without withdrawing also from the interstate business."

It will be observed that one of the conditions there placed upon the right of a state to impose the tax is that the person or corporation taxed "could discontinue the intrastate business without withdrawing also from the interstate business." This last quoted expression, so far as we are informed, was first used in the case of Pullman v. Adams, 189 U. S. 420, where the tax involved was in a specific amount, levied upon "each sleeping and palace-car company carrying passengers from one point to another within the State, one hundred dollars, and twenty-five cents per mile for each mile of railroad-track over which the company runs its cars."

In the case of Cooney v. Mountain States Telephone & Telegraph Co., Vol. 79, No. 9, United States Supreme Court Law ed. Advance Opinions, page 498, there was involved a statute of the state of Montana prescribing a tax "for each telephone instrument used in the conduct of the business of operating and maintaining telephone lines and furnishing telephone service in the State of Montana." There, the telephone company, as is the railroad company here, engaged in both intrastate and interstate business, and it was [fol. 71] held that a privilege or occupation tax which a state imposes with reference to both kinds of business, through an indiscriminate "application to instrumentalities common to both sorts of commerce, has frequently been held to be invalid."

It will be observed that in none of the three cases mentioned was the tax based upon the gross income of the intrastate business. There is a difference between a tax imposed as a license to do business or upon the instrumentality and a tax based upon the gross income. If a tax be a license tax or one upon the instrumentality, it necessarily inheres in the interstate as well as the intrastate business. Where the tax is upon the gross income, the income from the interstate business may be segregated from the intrastate and be held valid.

In the case of Bowman v. Continental Oil Co., 256 U. S. 642, the state of New Mexico had imposed an excise tax of two cents for each gallon of gasoline sold or used, and an annual license tax of fifty dollars for each distributing station or place of business. The oil company was engaged in both interstate and intrastate business. It was held that the two cents tax per gallon could be sustained because the income from the intrastate business could be segregated from the interstate, but that the fifty dollar tax was void because no such segregation could be made. It was there said:

"The applicable rule is that laid down in Ratterman v. Western Union Telegraph Co., 127 U. S. 411, where, in response to a question whether a single tax, assessed by a state upon the receipts of a telegraph company derived partly from interstate commerce and partly from commerce within the State, but returned and assessed in gross and without separation or apportionment, was wholly invalid or invalid only in proportion and to the extent that the receipts were derived from interstate commerce, this court unanimously answered that so far as levied upon receipts derived from interstate commerce the tax was void, but so [fol. 72] far as levied upon receipts from commerce wholly within the State it was valid. This case has been cited repeatedly with approval and its principle accepted. Western Union Telegraph v. Alabama, 132 U. S. 472, 476-477; Lehigh Valley R. R. Co. v. Pennsylvania, 145 U. S. 192, 200-201; Postal Telegraph Cable Co. v. Charleston, 153 U. S. 692, 697; Western Union Telegraph Co. v. Kansas, 216 U. S. 1, 31.

"But with the license tax it is otherwise. If the statute is inseparable, then both by its terms and by its legal operation and effect this tax is imposed generally upon the entire business conducted, including interstate commerce as well as domestic; and the tax is void under the authority of Leloup v. Port of Mobile, 127 U. S. 640, 647; Crutcher v. Kentucky, 141 U. S. 47, 58-59; Williams v. Talladega, 226 U. S. 404, 419; and other cases of that character."

In the case of Cooney v. Mountain States Telephone & Telegraph Co., supra, it was distinctly pointed out that the tax there involved was "not laid on revenue derived from

monthly rates as distinguished from toll charges. It is not imposed with respect either to the nature of the revenue, or to the character of the service from which the revenue is derived, or to the manner in which the charges for the services are fixed." From what is there said it would appear to be a reasonable inference that, if the tax were of the character described in the quotation just made from the opinion, the result might be different.

In East Ohio Gas Co. v. Tax Commission, 283, U. S. 465, the state of Ohio imposed upon every corporation engaged in the business of supplying consumers within the state with natural gas for light, heat or power a tax based upon the gross receipts, and the law was sustained. The East Ohio Gas Company which resisted the tax was engaged both in interstate and intrastate business. It brought gas from the states of West Virginia and Pennsylvania over high pressure pipes, and, as stated in the opinion, this was interstate commerce until it reached the distributing pipes which supplied the consumers, and after that it became intrastate and was subject to the tax. In the course of [fol. 73] the opinion in that case, we find the same statement with reference to the conditions precedent to the right of a state to impose a tax upon a person or corporation engaged in both intrastate and interstate business, as appears in the quotation from the case of Sprout v. City of South Bend, supra. In the Ohio Gas Company case, however, the court did not apply the provision that the gas company could not retire from its intrastate business without withdrawing from its interstate business. The facts, as they appear in the opinion, make it plain that, if the gas company had withdrawn from its intrastate business, it would have completely destroyed its interstate business. The tax there involved was not one upon the instrumentality or a license tax, but was an excise or a tax upon the privilege of doing business. The result of the holding in that case, as we view it, would sustain a holding in the case now before us that the tax upon the gross income of the intrastate business was valid, even though the railway company could not withdraw from that business without also withdrawing from its interstate business. We do not look upon cases which involve either a tax upon instrumentalities or a license tax as applicable to the law now in question which

imposes, as already indicated, an excise or tax on the privilege of engaging or continuing in business.

It must be remembered that chapter 191 of the Laws of 1933 applies to every person engaging or continuing in business within this state, with a comparatively few exceptions. The law may be said to be a general one and applies to all business within the state. In this respect, it is somewhat analogous to a property tax which all persons, with comparatively few exceptions provided for in the statute, are required to pay upon the property owned [fol. 74] by them. The state has the authority to tax property which is used in interstate commerce and which is regularly and permanently located within its limits, where the ascertainment of the amount assessed is dependent upon the value of the property within the state, as the property of other citizens is taxed. Leloup v. Port of Mobile, 127 U. S. 640; Western Union Telegraph Co. v. Kansas, 216 U. S. 1.

Even though the respondent in this case cannot retire from its intrastate business without also retiring from its interstate business, we think that the excise tax imposed upon the gross income from the intrastate business is not such a direct burden upon interstate commerce as to require that the tax be held void.

Attention at this point should be called to chapter 4 of the Laws of 1933, which was Initiative Measure 64, and generally referred to as the "40-mill tax limit for taxation" law. In that act, it was provided that the aggregate of all taxes upon real and personal property in the state should not exceed in any one year forty mills on the dollar of assessment valuation, which should be based upon fifty per cent of the true and fair value of the property in money, with some exceptions which are not here material. The respondent, by reason of this law, has been relieved from paying a very large sum of money as taxes upon the property which it owns in this state and which was subject to taxation, even though devoted to interstate commerce. It is a matter of common knowledge that under the 40-mill tax limit law property is now paying about half of what it paid for general taxes prior to the passage of that law; in other words, that by reason of the law limiting the amount to forty mills, the tax burden upon both real and personal property of the state has been reduced approxi-

[fol. 75] mately one-half. Having thus provided for a reduction of taxes upon real and personal property, it was necessary for the legislature to find other sources of revenue, and chapter 191 was undoubtedly passed for this reason.

So far as we are informed, the federal supreme court has at no time distinctly held that an excise tax, such as that of this state, which is imposed upon all businesses, is such a direct burden upon interstate commerce as to render the act of the legislature unconstitutional.

But it is said that the intrastate business is being conducted at a loss, and this loss must be borne by the interstate business and therefore is a burden upon interstate commerce. There is an expression in the case of Postal Telegraph-Cable Co. v. Richmond, 249 U. S. 252, that would appear to support this contention, even though the question was not necessarily involved in that case; and further, in that case there was not involved an excise tax based upon gross income, as here.

In this state, if the respondent's intrastate business is conducted at a loss, the legislature has provided a remedy, first, by application to the department of public service, with the right of review by the superior court and an appeal to this court. From the findings, it appears that an application has been made and denied by the department and that another application is pending. It does not appear, however, that the respondent has exhausted the relief granted by the statute and until it does so, it cannot be said that, even though the intrastate business is being conducted at a loss, it is such a burden upon interstate commerce as would justify holding the law unconstitutional.

The facts in the case of Postal Telegraph-Cable Co. v. [fol. 76] Fremont, 255 U. S. 124, presented a similar question, and it was there held that, where the state law affords a means to prevent the tax from burdening interstate commerce, through an application to increase intrastate rates, the tax will not be held void, in the absence of a showing that the company had exhausted the remedy afforded by an increase of the rates on intrastate business. We see no just or legal reason why the respondent should not comply with chapter 191, as all other businesses in this state are required to do.

So far as the opinion in the case of Great Northern Railway Co. v. State, 147 Wash. 630, 267 Pac. 506, is out of harmony with the holding in this case, it will be disapproved.

The trial court in Finding No. 4 specifically found the gross revenue from the respondents' intrastate business and the tax thereon for the period covered by this action. The appellant is entitled to a judgment for the amount as indicated in the finding.

The judgment appealed from will be reversed and the cause remanded, with direction to the superior court to enter a judgment as herein indicated.

Main, J. Beals, J. Geraghty, J.

We concur: Mitchell, J. Tolman, J. Blake, J.

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[fol. 77] IN SUPREME COURT OF WASHINGTON

No. 25684

DISSENTING OPINION

STEINERT, J., dissenting:

I do not agree with the majority upon what is said to be the principal question in the case. Having conceded (a) that the respondent cannot, as a matter of law, retire from its intrastate business, (b) that it is impracticable, as a matter of fact, to so retire without also retiring from its interstate business, and (c) that the intrastate, or local, business is conducted at a loss which is taken care of by the receipts from the interstate business, the majority arrives at a conclusion which I think is incorrect and untenable.

The authorities cited in the prevailing opinion establish beyond question, as I view it, that the state may not impose a tax, no matter what its nature or variety may be, that has the effect of burdening or interfering with interstate commerce.

In Bowman v. Continental Oil Co., 256 U. S. 642, the court said:

"No doubt the state might impose a license tax upon the distribution and sale of gasoline in domestic commerce if

it did not make its payment a condition of carrying on interstate or foreign commerce. But the state has not done this by any act of legislation. Its executive and administrative officials have disavowed a purpose to exact payment of the license tax for the privilege of carrying on interstate commerce. But the difficulty is that, since plaintiff, so far as appears, necessarily conducts its interstate and domestic commerce in gasoline indiscriminately at the same stations and by the same agencies, the license tax cannot be enforced at all without interfering with interstate commerce unless it be enforced otherwise than as prescribed by the statute, that is to say, without authority of law. Hence, it cannot be enforced at all."

In East Ohio Gas Co. v. Tax Commission, 283 U. S. 465, the court said:

[fol. 78] "And, while a state may require payment of an occupation tax by one engaged in both intrastate and interstate commerce, the exaction in order to be valid must be imposed solely on account of the intrastate business without enhancement because of the interstate business done, it must appear that one engaged exclusively in interstate business would not be subject to the imposition and that the taxpayer could discontinue the intrastate business without withdrawing also from the interstate business."

In Cooney v. Mountain States Tel. & Tel. Co., — U. S. —, 55 S. Ct. Rep. 477, 482, the court through Chief Justice Hughes, said:

"Where the tax is exacted from one doing both an interstate and intrastate business, it must appear that it is imposed solely on account of the latter; that the amount exacted is not increased because of the interstate business done; that one engaged exclusively in interstate commerce would not be subject to the tax; and that the one who is taxed could discontinue the intrastate business without also withdrawing from the interstate business. Sprout v. South Bend, Ind., 277 U. S. 163, 171, 48 S. Ct. 502, 72 L. Ed. 833, 62 A. L. R. 45; East Ohio Gas Co. v. Tax Commission, 283 U. S. 465, 470, 51 S. Ct. 499; 75 L. Ed. 1171."

The other cases cited in the prevailing opinion are either directly, or argumentatively, to the same effect. Under

these cases, one of the essentials to the validity of a tax is that the one who is taxed could discontinue its intrastate business without also withdrawing from its interstate business.

The majority seek to make a distinction between a tax imposed as a license to do business or one upon the instrumentalities used, and a tax on gross income. They concede that a license tax to do business or a tax upon the instrumentality inheres in the interstate as well as in the intrastate business, but they hold that "where the tax is upon the gross income, the income from the interstate business may be segregated from the intrastate and be held valid." The distinction is without substance when the result in a given instance is to burden or interfere with interstate commerce. The federal government having created a field within its exclusive regulatory jurisdiction, the state may [fol. 79] not invade it, nor by any act, direct or indirect, interfere with it.

We have before us four cases, including the instant one, involving the same question. The other three are State v. Great Northern Ry. Co., post p. —, —, P. (2d) —, Pacific Tel. & Tel. Co. v. Tax Commission, post p. —, — P. 2d) —, and Home Tel. & Tel. Co. v. Tax Commission, post p. —, —, P. (2d) —. The questions being identical in all four, the same barrier exists in each against the state's right to tax. That the action of the state will interfere with interstate commerce is, to me, very apparent. If the railroad companies or the telephone companies should be permitted or be compelled to withdraw from their intrastate business, how many trains would continue to run, and how many telephones would remain in place, in this state, merely for the purpose of enabling their users to do an interstate business? Not only would all local service be discontinued, but, with the exception, possibly, of one or two large cities, the people of the state would be without interstate service as well.

If, as a matter of law, the companies may not withdraw from intrastate business, or if, as a matter of fact, it is wholly impracticable for them to do so, then such intrastate business must continue to be operated at the expense of their interstate business. If one state be permitted to impose burdens upon interstate commerce through the med-

ium of taxation, then all states in which the companies operate may do likewise, and the accumulated burdens thus imposed would in the end result in complete strangulation of all their interstate commerce. The sum and substance of it all is that the tax imposed on intrastate business must be borne by the proceeds from interstate business. It is, [fol. 80] therefore, a burden upon, and interferes with, interstate commerce, and for that reason is invalid.

I therefore dissent.

Steinert, J.

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[fol. 81] IN SUPREME COURT OF WASHINGTON

No. 25684

DISSENTING OPINION

HOLCOMB, J., dissenting:

I concur in the views stated by Judge Steinert in the above entitled case and as to all the other like cases now pending in this court.

I wish to add, however, that I particularly deplore the indefinite, unnecessary and summary disposition of the case of Great Northern Railway Co. v. State, 147 Wash. 630, 267 Pac. 506. It leaves that case like Mahomet's coffin, suspended midway between Heaven and earth; and, as Mr. Justice Holmes once said in one of his famous dissenting opinions, henceforth, neither bench nor bar can tell whether certain cases alluded to in the majority opinion therein, in much the same way as is the above cited case in the prevailing opinion in these cases, "are to be listed in the *index expurgatorius*" or, are in the category of cases to be used in the future at pleasure.

The above cited case was the deliberate judgment of this court en banc and concurred in by all but two of the then judges of this bench, including the writer of the opinion in the instant case. It followed the decisions of the Federal Supreme Court therein cited. It was based upon the sound principle that a public utility, such as the railway company, the telephone company and the like, is compelled by law to serve and cannot withdraw. To the same effect is North-

ern Pacific Railway Co. v. State, 84 Wash. 510, 147 Pac. 45.

It is manifest that these utilities cannot separate the receipts of their intrastate from their interstate business. If that be true, then it is indubitably true that the taxes in question are burdens upon interstate commerce, contravening the commerce clause and the Fourteenth Amendment of the Federal Constitution to which we are fully bound by oath to conform.

Holcomb, J.

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[fol. 82] IN SUPREME COURT OF WASHINGTON

No. 25684

Thurston County No. 15415

THE STATE OF WASHINGTON, Appellant,

vs.

NORTHERN PACIFIC RAILWAY COMPANY, a Corporation, Respondent

JUDGMENT—September 6, 1935

This cause having been heretofore submitted to the Court, upon the transcript of the record of the Superior Court of Thurston County, and upon the argument of counsel, and the court having fully considered the same, and being fully advised in the premises, it is now, on this 6th day of September, A. D. 1935, on motion of G. W. Hamilton Esquire, of counsel for Appellant considered, adjudged and decreed, that the judgment of the said Superior Court be, and the same is, hereby reversed with costs; and remanded with directions to the Superior Court to enter judgment in favor of The State of Washington and against the Northern Pacific Railway Company, a corporation for Thirty Six Thousand one hundred sixteen dollars twenty two cents ($36,116.22).

And that the said State of Washington have and recover of and from the said Northern Pacific Railway Company, a corporation, the costs of this action taxed and allowed at Eight hundred Thirty dollars and ninety five cents

($830.95) and that execution issue therefor. And it is further ordered, that this cause be remitted to the said Superior Court for further proceedings in accordance herewith.

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[fol. 83] [File endorsement omitted]

IN SUPREME COURT OF THE UNITED STATES

[Title omitted]

PETITION FOR APPEAL—Filed Sept. 13, 1935

To the Chief Justice of the Supreme Court of the State of Washington:

Your petitioner, Northern Pacific Railway Company, a corporation, respectfully shows:

Your petitioner is the appellant in the above entitled cause.

On February 28, 1934, the State of Washington, as plaintiff, brought suit against your petitioner as defendant in the Superior Court of the State of Washington in and for Thurston County, to recover a money judgment for $37,717.38 alleged to be the amount due plaintiff as an occupation tax due under the provisions of Chapter 191, Laws of Washington 1933.

It was the contention of appellant in the trial court and the Supreme Court of the State that as a matter of fact and of law it could not withdraw from its intrastate business in the State of Washington, that its interstate business and intrastate business in Washington was and is inextricably commingled, that the intrastate business in Washington is conducted at a loss, and that the tax levied by said Chapter 191 of the Laws of 1933 would have to be paid from interstate revenues, and therefore the tax levied [fol. 84] by said Chapter 191, Laws of 1933, was a burden on interstate commerce in violation of Article I, Section 8 of the Constitution of the United States, and in violation of the due process clause of the 14th Amendment to the Constitution of the United States.

After hearing upon the merits the trial court on March 25, 1935, entered findings of fact, conclusions of law and

judgment, dismissing the action and concluding that said Chapter 191 of the Laws of 1933 violates Article I, Section 8, and the due process clause of the 14th Amendment to the Constitution of the United States. Thereafter an appeal was taken by the State of Washington to the Supreme Court of the State of Washington, which court, on August 13, 1935, reversed the judgment of the trial court, and upheld the validity of said act as not being in violation of any of said provisions of the Constitution of the United States, and remanded said cause to the Superior Court with directions to enter a money judgment against appellant and in favor of appellee for $36,116.22 and final judgment of the Supreme Court was so entered on the 6th day of September, 1935.

The Supreme Court of the State of Washington is the highest court of said state in which a decision in this suit can be had.

That in said cause there is drawn in question the validity of a statute of the State of Washington on the ground that said statute is repugnant to the Constitution of the United States, and the decision is in favor of its validity, notwithstanding your petitioner's contention that said statute violates Article I, Section 8, and the due process clause of the 14th Amendment to the Constitution of the United States.

Therefore, in accordance with Sec. 237 (a) of the Judicial Code, and in accordance with the Rules of the Supreme Court of the United States, your petitioner respectfully shows this court that the case is one in which, under the legislation in force when the Act of January 31, 1928, was [fol. 85] passed, to-wit, under Sec. 237 (a) of the Judicial Code, a review could be had in the Supreme Court of the United States on a writ of error, as a matter of right.

The errors upon which your petitioner claims to be entitled to an appeal are more fully set out in the assignment of errors, filed herewith, pursuant to Rules 9 and 46 of the Rules of the Supreme Court of the United States; and there is likewise filed herewith a statement as to the jurisdiction of the Supreme Court of the United States, as provided by Rules 12 and 46 of the Rules of the Supreme Court of the United States.

Wherefore, your petitioner prays for the allowance of an appeal from the said Supreme Court of Washington, the highest court of said state in which a decision in this

cause can be had, to the Supreme Court of the United States, in order that the decision and final judgment of the said Supreme Court of the State of Washington may be examined and reversed, and also prays that a transcript of the record, proceedings and papers in this cause, duly authenticated by the Clerk of the Supreme Court of the State of Washington, under his hand and the seal of said Court, may be sent to the Supreme Court of the United States, as provided by law, and that an order be made touching the security to be required of the petitioner, and that the cost and supersedeas bond tendered by the petitioner be approved, and that the said appeal may operate as a supersedeas.

Dated this 13th day of September, 1935.

D. F. Lyons, L. B. da Ponte, Robert S. Macfarlane,
Attorneys for Petitioner.

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[fol. 86] In Supreme Court of the United States

[Title omitted]

Order Allowing Appeal—Filed Sept. 13, 1935

The petition of the Northern Pacific Railway Company, a corporation, the appellant in the above entitled cause, for an appeal in the above cause to the Supreme Court of the United States from the judgment of the Supreme Court of the State of Washington, having been filed with the Clerk of this Court and presented herein, accompanied by assignment of errors and statement as to jurisdiction, all as provided by Rule 46 of the Rules of the Supreme Court of the United States, and the record in this cause having been considered, it is hereby

Ordered that an appeal be and it is hereby allowed to the Supreme Court of the United States from the final judgment dated the 6th day of September, 1935, of the Supreme Court of the State of Washington as prayed in said petition, and that the Clerk of the Supreme Court of the State of Washington shall within sixty days from this date make and transmit to the Supreme Court of the United States, under his hand and the seal of said Court, a true copy of the material parts of the record herein, which shall be

designated by præcipe or stipulation of the parties or their counsel herein, all in accordance with Rule 10 of the Rules of the Supreme Court of the United States.

[fol. 87] It is further ordered that said appellant shall have a good and sufficient cost and supersedeas bond in the sum of $25,000.00, that said appellant shall prosecute said appeal to effect and answer all damages and costs if it fails to make its plea good, and that said supersedeas bond, when filed and approved, shall stay the sending down of the mandate herein and of all proceedings in this cause and the enforcement of said Chapter 191, Laws of 1933, against appellant until the final disposition of this cause by the Supreme Court of the United States.

It is further ordered that appellee, the State of Washington, shall have the right to move for increase of said bond if, at any time, it shall deem itself insecure.

Dated this 13 day of September, 1935.

John F. Main, Acting Chief Justice of the Supreme Court of the State of Washington.

[File endorsement omitted.]

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[fol. 88] IN SUPREME COURT OF THE UNITED STATES

[Title omitted]

ASSIGNMENT OF ERRORS AND PRAYER FOR REVERSAL—Filed Sept. 13, 1935

Statement

The Supreme Court of the State of Washington found that petitioner owns and operates a system of railroad from a point on Lake Superior in Wisconsin, through the intermediate states into and through the State of Washington, and is engaged in both intrastate and interstate commerce by means of said railroad. It held that petitioner could not as a matter of law, retire from its intrastate business while continuing its interstate business. It found that it is impracticable, as a matter of fact, for petitioner to retire from its intrastate business without also retiring from its interstate business; and further found that "the intrastate busi-

ness is conducted at a loss which is taken care of by the receipts from the interstate business".

## Assignment of Errors

Petitioner, Northern Pacific Railway Company, a corporation, assigns the following errors in the record and proceedings in this cause:

(1) The Supreme Court of the State of Washington having found that appellant is engaged in both intrastate com- [fol. 89] merce and interstate commerce, and having held that as a matter of law it cannot withdraw from its intrastate business without also withdrawing from its interstate business, erred in holding that Chapter 191, Laws of 1933, does not violate Article I, Section 8 of the Constitution of the United States.

(2) The Supreme Court of the State of Washington having found that appellant's interstate business and intrastate business in Washington is inextricably commingled, and that as a matter of fact and as a practical matter appellant cannnot withdraw from its intrastate business without also withdrawing from its interstate business, erred in holding that Chapter 191, Laws of 1933, does not violate Article I, Section 8 of the Constitution of the United States.

(3) The Supreme Court of the State of Washington having found that appellant's intrastate business is conducted at a loss which must be borne by the income from its interstate business, erred in deciding that the tax imposed by Chapter 191, Laws of 1933, does not violate Article I, Section 8 of the Constitution of the United States.

(4) The Supreme Court of the State of Washington having found that appellant's intrastate business is conducted at a loss which must be borne by income from its interstate business or income earned or received in other states, erred in refusing to hold that Chapter 191, Laws of 1933, violates the due process clause of the 14th Amendment to the Constitution of the United States.

(5) The Supreme Court of the State of Washington having found that appellant's intrastate business is conducted at a loss which must be borne by income from its interstate business, erred in holding Chapter 191, Laws of 1933, and the tax imposed thereby, does not violate Article

I, Section 8 of the Constitution of the United States, for the stated reason that appellant has not exhausted its remedy (by writ of review) to obtain intrastate rate increases and because that circumstance is immaterial, not [fol. 90] supported by and is contrary to the facts found in Finding 18.

(6) The Supreme Court of the State of Washington for each of the reasons contained in the preceding assignments erred in reversing the judgment of the Superior Court of Thurston County and in rendering judgment in favor of the State of Washington against appellant for the tax imposed by Chapter 191, Laws of 1933, in the sum of $36,116.22.

Prayer for Reversal

Wherefore, on account of the errors specified herein appellant prays that the judgment of the Supreme Court of the State of Washington in this cause dated the 6th day of September, 1935, be reversed and judgment here entered or directed in favor of appellant.

Dated this 13 day of September, 1935.

D. F. Lyons, L. B. daPonte, R. S. Macfarlane,
Attorneys for Appellant.

[File endorsement omitted.]

[fols. 91 & 92] Citation in usual form showing service on T. W. Hamilton et al., filed Sept. 13, 1935, omitted in printing.

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[fols. 93–95] Supersedeas bond on appeal for $25,000, approved and filed Sept. 13, 1935, omitted in printing.

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[fol. 96] In Supreme Court of the United States

[Title omitted]

Præcipe for Transcript of Record—Filed Sept. 23, 1935

To the Clerk of the Supreme Court of the State of Washington:

Please prepare the transcript on the appeal of the above case to the Supreme Court of the United States, as pro-

vided by Rule 10 of the Supreme Court of the United States, and include therein the following papers, to-wit:

(1) Complaint;

(2) Answer, omitting all of Paragraph V and Exhibits "A" and "B", but including Exhibits "C" and "D";

(3) Reply;

(4) Findings of Fact and Conclusions of Law of Superior Court;

(5) Judgment of Superior Court;

(6) Opinion of Supreme Court;

(7) Judgment of Supreme Court;

(8) Petition for Appeal to United States Supreme Court;

(9) Order Allowing Appeal to United States Supreme Court;

(10) Assignment of Errors and Prayer for Reversal;

(11) Statement as to Jurisdiction on Appeal;

(12) Original Citation on Appeal and Acceptance of Service;

(13) Cost and Supersedeas Bond;

(14) Acknowledgment of Service of Petition for Appeal Order Allowing Appeal, Assignment of Errors and Prayer [fol. 97] for Reversal, and Statement as to Jurisdiction;

Please advise when the transcript has been completed and ready for forwarding to the Clerk of the United States Supreme Court at Washington, so that we may inspect the same before it is transmitted.

D. F. Lyons, L. B. DaPonte, R. S. Macfarlane, Attorneys for Respondent.

Received Copy Sept. 23, 1935. G. W. Hamilton & R. G. Sharpe, Attorneys for Appellee.

[File endorsement omitted.]

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[fol. 98] In Supreme Court of Washington

In the Matter of the Adoption of Rules of Pleading, Procedure and Practice

Rule VI

Abstracts

In every case in which the statement of facts contains over 100 pages, an original and two legible copies of a type-

written abstract of the record shall be filed with the Clerk of the Supreme Court along with the briefs of the party preparing the same. The typewritten abstract shall be in the same form as the transcript in the cause, shall be indexed, and shall contain appropriate references by pages to the transcript or statement of facts. Printed abstracts, bound separately from the printed briefs, but of the same size, type and form as the printed briefs, will be given the same effect by the court as typewritten abstracts. The abstract shall be substantially in the following form:

(Then follows an outline of forms.)

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[fol. 99] IN SUPREME COURT OF WASHINGTON

In the Matter of the Adoption of Rules of Pleading, Procedure and Practice

RULE VI

(As Amended)

Abstracts of Records

Rule VI of the rules of the Supreme Court found on page xxxv of volume 159 of the Washington Reports, be and the same is hereby amended by eliminating therefrom all requirements relating to the abstracting of pleadings.

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[fol. 100] IN SUPREME COURT OF WASHINGTON

In the Matter of the Adoption of Rules of Pleading, Procedure and Practice

RULE VII

Supplemental Abstracts

1. If the respondent is not satisfied with the appellant's abstract, he may cause to be typewritten, or printed, a supplemental abstract of the matter omitted which he deems essential to an understanding of the questions presented

on the appeal. The supplemental abstract shall follow the form of the original abstract, shall refer to the page of the original abstract where the omitted matter is to be inserted, and shall contain appropriate references to the transcript, or statement of facts, and shall be served on the adverse party; Provided, That if, in the opinion of this Court, the respondent's supplemental abstract was necessary to the consideration of the questions presented, and was made thus necessary by reason of the fact that the appellant's abstract did not fairly state the record or the evidence, the costs of such supplemental abstract shall be charged to the appellant regardless of the termination of the case.

2. The appellant may supplement his original abstract without leave of court at any time before the respondent has filed his brief. Such supplemental abstract shall follow the form of the original abstract, shall contain appro- [fol. 101] priate references to the pages of the transcript or statement of facts where the matter abstracted can be found, and shall show at what pages of the original abstract the new matter is to be inserted. The supplemental abstract shall be served on the adverse party. After the respondent has filed his brief, supplemental abstracts may be filed therein only by leave of the Chief Justice.

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## Rule VIII

### Contents and Style of Briefs

### (Subdivisions 1 and 2)

1. Briefs shall be printed throughout in plain, clear type, not smaller in size than eleven point, on unglazed white paper, and shall contain a clear statement of the case so far as deemed material by the party, with reference to the pages of the abstract for verification in all instances where an abstract is required. In other instances the reference shall be to the original record.

2. Each error relied on shall be clearly pointed out and separately discussed under appropriate designated headings. Where there are several assignments presenting the same general questions, they may be discussed together.

[fol. 102] IN SUPREME COURT OF WASHINGTON

In the Matter of the Adoption of Rules of Pleading, Procedure and Practice

RULE XVI

Exceptions to Findings of Fact and Conclusions of Law

1. It shall not be necessary or proper, in order to obtain appellate review thereof, to take or enter an exception to findings of fact or conclusions of law of a court or judge upon a case or part of a case, either legal or equitable, tried without a jury, nor shall it be necessary to take exceptions to the refusal of the court to make proposed findings or proposed conclusions of law.

2. This rule shall apply and be applicable to cases now pending as well as to those which may be hereafter instituted.

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[fol. 103] [File endorsement omitted]

[fols. 104-132] IN SUPREME COURT OF WASHINGTON

No. 25684

STATE OF WASHINGTON, Plaintiff and Appellant,

vs.

NORTHERN PACIFIC RAILWAY COMPANY, a Corporation, Defendant and Respondent

**Appellant's Abstract of Record.** Filed May 24, 1935

Appeal from the judgment of the superior court of Thurston County. Hon. D. F. Wright, Judge.

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[fol. 133] IN SUPERIOR COURT OF THURSTON COUNTY

DEFENDANT'S MOTION FOR JUDGMENT ON THE PLEADINGS

On the 14th day of May, 1935, the defendant filed its amended motion for judgment on the pleadings by reason

of the facts alleged in Paragraph V of its Answer (Tr. 76). Said motion came on for hearing on June 25, 1934, and was granted July 9, 1934, being set by the court for the signing of such judgment (Tr. 78). But on July 3, 1934, defendant filed its written withdrawal of its motion for judgment on the pleadings (Tr. 79).

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[fol. 134] In Superior Court of Thurston County

Defendant's Motion to Strike Paragraph V of Its Answer

At the trial of the cause begun October 16, 1934, (St. 5) defendant introduced written evidence and oral testimony in support of Paragraph V of its Answer (St. 7-8, 132-141, 177-8, Def.'s Exs. 5 and 6), but on November 26, 1934, defendant moved that said paragraph V of its Answer be stricken (Tr. 80) which motion was granted by the court (Tr. 81).

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In Superior Court of Thurston County

**Statement of Evidence**

On the 16th day of October, 1935, (St. 4) the cause was tried by the court sitting without a jury wherein the following proceedings were had:

[fol. 135] Plaintiff's Evidence

Plaintiff introduced in evidence without objection Plaintiff's Exhibit "1", being the interrogatories propounded to defendant, Exhibit "2", defendant's answers thereto, Exhibit "3", defendant's supplemental answers thereto, and Exhibit "4", defendant's second supplemental answers thereto (St. 6). Whereupon plaintiff rested (St. 6).

[fol. 136] Plaintiff's Exhibits "1" and "2"

Exhibit "1" are the interrogatories propounded by plaintiff to defendant, and Exhibit "2" are the answers of de-

fendant thereto, verified by W. C. Pinger, defendant's assistant general auditor, who deposes as follows:

"That he prepared the foregoing answers to the interrogatories propounded by plaintiff and made the same for and in behalf of said Northern Pacific Railway Company; that said answers are to affiant's knowledge true and correct."

Said interrogatories and the answers thereto are as follows:

Interrogatory One. State whether or not your books of account showing your revenues and expenses incident to the various kinds of business carried on by you in the state of Washington since and prior to August 1st, 1934, are kept in accordance with the uniform system of accounting prescribed by the Interstate Commerce Commission. (Plff's Ex. "1".)

Answer. Yes. (Plff's Ex. "2".)

Interrogatory two. * * * State how long your books of account have been kept in accordance with such system. (Plff's Ex. "1".)

Answer. Since on or about July 1, 1914. (Plff's Ex. "2".)

Interrogatory Three. State whether or not, in reporting your revenues and expenses to the tax commission of the state of Washington and to the department of public works of the state of Washington for 1932 and prior years you reported such revenues and expenses in accordance with the uniform system of accounting prescribed by the Interstate Commerce Commission, and for what years your revenues and expenses were so reported to said commission and department, by such method of accounting.

Answer. In reporting revenues and expenses to the Tax Commission and Department of Public Works of the State of Washington the method prescribed by the Interstate Commerce Commission for making reports to it has been followed for many years.

Interrogatory Five. State by the following accounts and account numbers (or by such accounts and account numbers as the same appear upon your books of account) the [fol. 137] total amount of the railway operating revenue received by you, or which have accrued, as a result of business transacted by you wholly within the state of Washington

(a) during each of the months, August, 1933, to December, 1933, inclusive, and (b) from August 1st, 1933, to December 31st, 1933, inclusive.

Answer. The railway operating revenues received or accrued from business transacted wholly within the State of Washington during the month of August, 1933, to December, 1933, inclusive, by accounts stated in Interrogatory (5), so far as shown by the accounts kept by the Northern Pacific Railway Company are as follows:

(Here follows a statement of said revenues for said months as shown by the tabulation set forth on the following page. Plff's Ex. "2".)

| Acct. No. | Name of Account | August 1933 | September 1933 | October 1933 | November 1933 | December 1933 |
|---|---|---|---|---|---|---|
| | | August to December, 1933, Inclusive | | | | |
| 101 | Freight | $472,865.17 | $478,675.28 | $468,995.02 | $490,289.05 | $398,372.21 |
| 102 | Passenger | 19,525.91 | 28,852.09 | 21,995.85 | 31,226.70 | 50,492.63 |
| 103 | Excess Baggage | 133.85 | 302.84 | 172.05 | 313.78 | 181.77 |
| 104 | Sleeping car | ..... | ..... | ..... | ..... | ..... |
| 105 | Parlor and chair car | 117.06 | 244.50 | 238.12 | 223.05 | 307.18 |
| 106 | Mail | ..... | ..... | ..... | ..... | ..... |
| 107 | Express | ..... | ..... | ..... | ..... | ..... |
| 108 | Other passenger train | 104.46 | 35.46 | 106.96 | R243.48 | 3,877.98 |
| 109 | Milk | 997.43 | 903.38 | 614.77 | 575.59 | 566.77 |
| 110 | Switching | 19,569.31 | 16,948.23 | 21,841.78 | 19,432.51 | 16,928.27 |
| 111 | Special train service | ..... | ..... | ..... | 897.00 | ..... |
| 112 | Other freight train | 9,866.51 | 9,143.51 | 11,129.69 | 8,980.34 | 7,228.22 |
| | Total | $523,179.70 | 535,105.29 | 525,094.23 | 551,694.54 | 467,955.63 |
| 131 | Dining and buffet | 1,762.32 | 2,040.14 | 1,596.27 | 1,924.59 | 2,911.33 |
| 132 | Hotels and restaurants | 6,180.68 | 5,917.52 | 5,691.95 | 5,351.57 | 6,984.75 |
| 133 | Station, train and boat privileges | 219.66 | 242.33 | 220.53 | 157.54 | 311.75 |
| 134 | Parcel room | 428.35 | 398.55 | 265.15 | 244.55 | 393.55 |
| 135 | Storage—freight | R 80.28 | 62.95 | 178.10 | 110.58 | 119.72 |
| 136 | Storage—baggage | 145.86 | 177.54 | 148.37 | 149.70 | 155.28 |
| 137 | Demurrage | 2,696.00 | 4,455.00 | 2,623.00 | 2,294.00 | R 13,241.00 |
| 142 | Rent of buildings and other property | 368.47 | 373.53 | 376.37 | 384.82 | 394.00 |
| 143 | Miscellaneous | 5,906.02 | 5,393.25 | 5,394.25 | 8,865.50 | 5,002.02 |
| 151 | Joint facility—Cr. | R 891.61 | R 63.36 | R 78.65 | 142.75 | R 1,551.74 |
| 152 | Joint facility—Dr. | R 254.95 | R 1,265.41 | 739.69 | R 507.26 | R 290.12 |
| | Total | 16,480.52 | 17,732.63 | 17,155.03 | 19,118.34 | 1,189.54 |
| | Grand Total | $539,660.22 | 552,837.92 | 42,249.26 | 570,812.88 | 469,144.57 |

"R" indicates red figure.

[fol. 139] Following the foregoing figures, appears the following as part of the answer to Interrogatory Five:

"The following explanation is necessary with respect to certain of the above accounts:

132—Hotels and Restaurants: The amount shown in this account is for income received from the operation of station restaurants at which employees, the public and passengers are served.

133—Station, Train and Boat Privileges: This account includes revenues from weighing, vending and automatic machines and from advertising in stations and on trains, and includes the privilege of operating newspaper stands, selling papers and the amount received from telephone companies for the privilege of operating pay telephones in the depots. The details of the items in this account are not kept.

135 and 136—Storage of Freight and Baggage: This account represents amount collected from storage of freight and baggage, and it is not known whether the proceeds are collected from the storage of interstate or of intrastate business.

137—Demurrage: This account represents all demurrage paid in the state. No accounts are kept segregating the amount collected as between intrastate and interstate freight.

142—Rents of Buildings and other Property: This account includes revenue received from other companies for the exclusive use by them of certain operating properties owned by defendant.

143—Miscellaneous: This includes revenue from weighing cars for other companies and individuals, revenue from sale of cinders and other miscellaneous revenue.

151 and 152—Joint Facilities—Credit and Debit: These two accounts are applicable to operation of pool trains between Seattle and Portland. Some months defendant collects more than its proportion of the revenue and has to make payment to the other companies and, in other months, the other companies collect more than their proportion and have to make payment to defendant."

[fol. 140] PLAINTIFF'S EXHIBIT "3"

Is a paper described as "Defendant's Supplemental Answer to Interrogatories" filed with the clerk of the lower court on March 22, 1934, and is as follows:

"Comes now defendant and makes the following supplemental answer to the interrogatories served in this cause:

"(5) Defendant states that since the answer to interrogatories was filed herein its attention has been called to the fact that Account 101, freight for each of the months involved, includes revenue received from business originating in the State of Washington and moving to Washington ports, such as Seattle, Tacoma, and other ports, for transshipment to foreign countries, and said traffic is foreign commerce and the revenue therefrom not subject to the tax imposed by Chapter 191, Laws of 1933. Defendant cannot state at this time just what amount is included in said Account 101, as stated in its answers, without an analysis and examination of said account, which has not yet been made."

"The foregoing is signed by L. B. da Ponte and Robt. S. Macfarland, Attorneys for Defendant, and is verified by L. B. da Ponte, attorney for defendant, to the effect "that the foregoing supplemental answer to interrogatories is true and correct to the best of affiant's knowledge and belief."

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[fol. 141] PLAINTIFF'S EXHIBIT "4"

Is a paper described as "Defendant's Second Supplemental Answer to Interrogatories" filed with the clerk of the trial court on June 27, 1934, and is as follows:

"Comes now the defendant and referring to its supplemental answer to interrogatories and particularly to Interrogatory No. 5, and states that since said supplemental answer was filed, investigation of said Freight Account No. 101 shows that revenue from foreign commerce referred

to in said supplemental answer for the months of August to December, 1933, inclusive, is as follows:

| | |
|---|---|
| August, 1933 | $ 20,311.18 |
| September, 1933 | 28,563.39 |
| October, 1933 | 30,558.70 |
| November, 1933 | 28,584.64 |
| December, 1933 | 86,588.31 |
| Total | $194,606.22 |

"Defendant states that said amounts must be deducted from the amount of gross revenue shown in the original answers to interrogatories heretofore filed herein in computing defendant's gross intrastate revenue for each of said months."

The foregoing is signed by defendant by L. B. da Ponte and Robt. S. Macfarlane, its attorneys, and is verified by L. B. da Ponte, attorney for defendant, to the effect "that the foregoing second supplemental answer to plaintiff's interrogatories is true and correct to the best of affiant's knowledge and belief."

[fol. 142] Defendnt's Evidence

E. V. Peterson, called and sworn as a witness on behalf of defendant, testified as follows:

I reside at St. Paul, Minnesota. I am satistician of the N. P. I have charge of the statistics of the N. P. including the making of annual reports to the Interstate Commerce Commission, the D. P. W. and other commissions. You ask if I am chief statistician of the company. Well, I am not directly in charge of the work, but I have handled the reports and have direct charge of the work. I have engaged in that work more or less in the present position since April of 1927, but more or less familiar with that work for a number of years. I have been accustomed to testifying along statistical lines in hearings before Tax Commissions and the I. C. C. and the courts (St. 9).

The mileage of the system as operated for the year 1933 was 6740.59 miles, and the corresponding mileage as operated in the state of Washington was 1,942.90. All-track mileage operated figure for the system as of December 31, 1933, was 10,542.97 miles and the similar figure for the stat-

of Washington, also as of December 31, 1933, was 3298.39. There has not been any material change in that mileage for the last four or five years. The ad valorem taxes on the N. P. operating property in Washington for 1933 payable in 1934 (St. 10) were $2,005,015, but I would like to state that it is my understanding from our tax Department that that amount is subject to an adjustment by reason of some questions as to the tax. By that I mean that a levy was held illegal for non-high school districts, and my impression is that it was about $30,000. It is my understanding that those taxes are still on the rolls. The N. P. also pays a so-
[fol. 143] called inspection fee to the D. P. W. The amount for 1933 as paid in March, 1934, was $5,170, and for 1932 was $6,481.32 (St. p. 11).

The N. P. is an interstate carrier subject to the Interstate Commerce Act and makes its reports to the I. C. C. regularly. It keeps its accounts in accordance with the requirements of law and of the I. C. C. The N. P.'s net railway operating income for the year 1932 was $1,990,389.00, and for 1933, $5,975,973 (St. 12). The gross operating revenue for 1933 was practically identical with that for the year 1932, being 47,000,000 plus for both years. But the operating expenses in 1933 were greatly reduced below those of 1932 (St. 13).

The figures as stated in Paragraph 6 (d) of the Answer as applying to the revenues and expenses are those as shown in the report to the D. P. W. for the year 1932, covering all operations in the state of Washington. The ad valorem taxes as shown in 1932 are the taxes on operating property for that year, and do not agree with the tax accruals as shown in the annual report. The amount of the N. P.'s taxes for 1932 on operating property was $2,464,967. Those are the taxes paid, not the tax accruals. The inspection fee of $6,481.32, as shown for the year 1932, is the actual amount as paid by the Northern Pacific. For the year 1933 also the revenues and expenses are as stated in the report to the Department of Public Works. The ad valorem taxes were the best estimate at the time that this was filed as to the 1933 taxes on operating property. And this figure of $2,002,000 corresponds with the $2,005,000 which I just quoted as the 1933 figure (St. 14). The inspection fee for 1933 is correctly stated as $5,700.53. Under paragraph 6 (e) the amounts shown for local and in-

terstate revenues are exactly in accordance with the amounts as reported to the Department of Public Works for those years under schedule of railway operating revenue within the state. These figures that I have just testi-
[fol. 144] fied to are made on the report as prescribed by the D. P. W. or on the form for reports which the Department has prescribed. You ask for how long the Department has prescribed this form of report and you have been making reports of revenues and expenses to the Department. My best recollection is that it goes back at least 20 years, but not much less than that. You ask if the Department has issued instructions as to how these reports shall be made out by the carriers. The reports are made out annually in accordance with the requirement of the form. You ask if the Department has ever made any objection to the form of the report as to the figures stated in it. Not to my knowledge. If it had, it would have come to my attention. In assigning revenues to Washington, the revenues that pertained wholly to business moved (St. 15) entirely within the state are classified as intrastate, and those that pertain to two or more states are apportioned to the state of Washington on the relation of the miles either of the freight or passengers carried. That is in accordance with the Department's form. You ask if it is in accordance with the Department's account rules. That is to that extent, yes. You ask if the Department issued a printed pamphlet in which that method was prescribed a number of years ago. It issued a pamphlet back about 1914, I believe. That prescribed how interstate revenues would be apportioned. I have followed their method of apportionment. You ask if that is the method in universal use on the N. P., and generally in the country. It is the general basis used for the purpose of dividing the interstate revenue between states. I mean in reporting to the Department (St. 16). You ask if it is used by all interstate carriers. It is generally used, not by all, but generally used. You ask if the Department ever had any objection to its use in this state. Not in connection with the annual reports, no.

[fol. 145] The revenue assigned to the state includes the entire revenue from switching and demurrage, whether from interstate business or not. In some of the exhibits I have and in the answers to the interrogatories the in-

terstate switching revenue was segregated. In paragraph 6 (e) of the Answer it is alleged that the gross railway operating revenues from local and interstate business in the state of Washington for these two years are as shown there, and those figures are taken from the Department of Public Works reports, and are computed in the manner I have described. In paying this 1/10th of 1% tax that I have testified to, that is computed on the amount of local business in the way I have just described (St. 17). The intrastate business on which this 1/10th of 1% fee is paid is computed in the manner that I have just described. The N. P. pays a gross revenue tax in Minnesota, a percentage of gross revenue in lieu of ad valorem taxes. You ask if that percentage is computed in the same way. No, it is not computed in the same way. The N. P. has been paying that 1/10th of 1% tax for the years since 1929 (St. 18).

The operating expense shown under paragraph 6 (d) of the Answer for 1932 and 1933 represents the total expenses in the state of Washington as reported to the Department (St. 18) of Public Works. You ask the method by which I computed those expenses. The method is thus explained in the annual report: "Charges for expenses contain, first, those expenses incurred in each state that are considered wholly applicable to that state, and in addition some mileage proportion of expenses which cannot be localized in the state." That is, we have two kinds of expenses. One kind we can identify as having accrued in the particular state. You ask if all those expenses are assigned to the state. Not necessarily, no. We have a number of large shops, for instance, where repairs are made on equipment, such as in South Tacoma, Livingston, Brainard and St. Paul, and the repair costs are not assigned to the state in which the work is done, but the repair cost [fol. 146] is divided on a car mileage basis. That is, repairing cars used on interstate business. And in that case we assign the full amount to the various states on the basis of the mileage within the states. There are also other exceptions that might be given, but that is one of the outstanding ones (St. 19). In general, we assigned all of the expenses which are considered applicable strictly to the business within the state to that state, and you have also assigned various proportions of the general expenses which are applicable to all of the business. That method

has been in constant use in this state for at least the last 20 years. That is the method in which the expenses are apportioned to all of the states through which the Northern Pacific operates. It is the method in general use by railroads. You ask if the D. P. W. has ever, to my knowledge, made any objection to the annual report showing expenses so computed. No, there have been no objections made to the form of the report, that I know of. You ask if there has ever been devised any manner or method of dividing expenses within the state as between local business and interstate business. There have been a number of attempts made to do that, and they have always required special studies. I mean we have no figures kept currently for that purpose (St. 20).

(The witness was then asked if it was his opinion that this method of apportioning expenses and revenues as between states is as accurate as it is possible to make it, to which question plaintiff's counsel objected on the ground that the same called for an expert opinion and that the witness was not qualified. The objection was overruled, and the witness then testified:)

I think it is the most equitable plan so far devised. It is true that expenses incurred in the state cannot be mathematically divided as between the interstate and local business. That is because the 2 classes of traffic are so com- [fol. 147] mingled using the same facilitates to a large extent, that it necessarily makes it impossible to keep a separation (St. 21). There are peculiarities of the local traffic which cause it to be more expensive per unit of freight handled than the interstate traffic (St. 22). The average haul on intrastate traffic in Washington is very much below that of the interstate traffic. Other things I have in mind are the fact of the handling of local business ordinarily to a large extent in local trains, which would probably be more expensive, and the matter of the train speed being of course less on the local trains, and other elements that would require several handlings on local traffic but only one on interstate traffic. It would ordinarily be true that on local traffic you have two terminal expenses, one at the point of origin and one at destination (St. 23), and in interstate traffic you have only one such expense. I think the tonnage on the main line train is considerably heavier than on the local train. By "main line train" I mean the

through trains. You say that the answer alleges that the revenue per ton mile of local business is as 142 to 100, and you ask whether or not that difference has any relation to the profitableness of the two kinds of business. No I don't think that the mere comparison of ton mile (St. 24) revenue without due consideration of the average haul involved in that revenue has any particular merit. The rate per ton mile is comparably under or higher for the short hauls than for the long hauls. You ask if this difference in the average ton mile revenue of the two kinds of business is due to the much shorter haul on the local business. That naturally determines your per ton mile rate, yes (St. 25).

No accounts are kept currently of the expenses incurred in transacting local business separately from those expenses applicable solely to interstate business. You ask what was necessary in order to obtain the expenses in doing local business. The steps that appeared necessary was to make a separation of the various freight train runs in the state of Washington for one week, which would be [fol. 148] all that time would permit, and make a complete statement as to the various—consist of the various kinds of the intrastate and interstate traffic. We made a study of the week of October 22 to 28, 1933, first having determined that was a representative period, and made a complete study of the various freight train runs in the state of Washington. October 22 to 28, 1933, was the representative week in the months August to December we had in mind. You ask how I determined that this was a representative week (St. 26). A study was made of the entire year 1933, that is, I mean a comparison by months of the inter and intrastate traffic in Washington in 1933, showing the net ton miles and the revenue and the average haul with the idea of determining that the month of October would be representative as to general movement and also as to the matter of average haul both as to interstate and intrastate, and a comparison was also made as to the number of car miles and ton miles on the two divisions involved. The net ton mile as used, represents the net tonnage in the cars multiplied by the distance the cars are moved, in other words, the ton mile is the net ton in the car. Ten tons moved ten miles is 100 net ton miles. The gross ton miles would represent the car weight added to the net ton weight of the car, but also includes the weight of the return empty movement. Car miles is the distance that

the cars move multiplied by the number of the cars. The train mile is the number of miles the train runs (St. 27). The result was based on the actual inter and intrastate traffic as reported to the D. P. W.

(Counsel for defendant then objected to testimony as to this study as hearsay if the conclusion of the witness was based on entries in the company's books which had not been introduced in evidence. The objection was overruled, and the witness then continued:)

The first study I made was of the movement of the freight traffic in the state of Washington for the year end- [fol. 149] ing December 31, 1933, and in this comparison I considered the ton miles, the freight revenue and the average haul, and in the month of October, 1933, the average haul in Washington on intrastate was 82.64 miles and this compared with an average for the year of 1933, 88.56 miles. For the same item as to the average haul of interstate traffic. In October, 1933, the average haul was, in miles, 252.97 and for the year 1933 was 252.51. The average haul for both intra and interstate traffic was for October, 1933, 142.56 miles and for the year 1933, 145.30 miles, which would indicate to my mind that because of these facts and also the fact as to the revenue and the ton mile being typical that it was a better than average month to compare with a year's business. It was more favorable to both interstate and intrastate traffic, but particularly intrastate. Our expenses in the month of October, 1933, because of the larger amount of traffic, would be less per unit than for the year. You ask if those figures are taken from the reports to the D. P. W. No, the figures I quoted for the month are not reported, but the figures for the year are reported. You ask how I obtained the figures for the month. I had the auditor of the freight receipts make a special compilation from the reports which are compiled every (St. 29) year for the D. P. W. It is compiled during the year and recorded in the annual report sent to the I. C. C. You ask if this account is kept in the uniform system of accounts prescribed by the I. C. C. That would apply to the freight revenue, but not to the other features. I will say that the tons and ton miles are on exactly the same basis as reported to the I. C. C.

(Plaintiff's counsel then moved to strike the testimony of the witness as to the comparative figures for October,

1933, and the total for the year 1933, both with respect to interstate and intrastate and the averages he had testified to on the ground that the same was pure hearsay, based on matters in the books of the company not introduced in [fol. 150] evidence, and were incompetent, irrelevant and immaterial. The motion was denied (St. 30). Whereupon the witness continued:)

The data to which I have just referred was of course compiled in the office of the auditor of freight receipts as a matter of current record. They were compiled from (St. 30) the way bills from the freight agents of the N. P. There are over 500 or 600 of such reporting agents, I would say. For the system, the number of documents involved runs into the scores of thousands. Those are the original records kept by the agents in the way I testified. It would be an almost impossible task to bring in the men who compiled the reports together with the reports. You ask if the method I have followed is common as a matter of practice. That is the usual way of arriving at the representative period. There is no other way of doing it that I know of, but the first step was to ascertain (St. 31) whether the traffic in the particular month and the week we are selecting would be representative. This study was confined to the month of October; in order to go a step further I made a comparison of the loaded car miles of freight and the net ton miles.

(Counsel for plaintiff then stated that he wished it understood that his objection ran to all this line of testimony (St. 32). The witness then continued:)

A comparison was made, as I said, of the car miles and ton miles for the month of October and the week of October 22 to 28, with the idea of determining whether or not only the month was a representative period or better than that, but also that the week was along similar lines and that comparison showed that the relationship of the loaded freight car miles on the Idaho and Tacoma Division which embraces the divisions that are in Washington for the week of October 22 to 28 with 21.6 per cent of the month's figures. The ratio of the net ton miles, revenue and non-revenue miles in the week in October referred to was 21.67 per cent, and loaded freight car miles 21.60%. These percentages of 21.60 [fol. 151] (St. 32) and 21.67 would be comparable to 22.58 per cent based on seven 31st of a month. Likewise computa-

tions as made of loaded car miles and net ton miles revenue and non-revenue for the month of October, 1933, indicates October 9.35 per cent for loaded car miles and 9.27 per cent for ton miles. Now a normal 31-day period of course would be 8.49 per cent which shows that the month of October is slightly above the average. The net result of my investigation was that this test period of one week was better than the average period. It is a period of more traffic and resultant lower cost. If the period is not accurate, the inaccuracy is against the railroad company. You ask what I did to determine the cost of local business in Washington during this representative week of October 22 to 28, 1933, and ask if I made a set of exhibits. I made up an exhibit showing the final result, but of course the details are so multitudinous that they are not in the exhibit.

The first step in proceeding with the study for October 22 (St. 33) to 28, 1933, was to have a record made by the car accountant of all freight trains operating in the state of Washington during the period referred to, and in making this detail he showed the consist of each train run. By that I mean he showed the number of car miles and net ton miles and the gross ton miles and other data in connection; in other words, made a complete analysis of the train movements for one week. Those train movements consisted of the various train runs between terminals between various points in the state. He made that up from the basic data taken from the conductors' reports of car movement. The train conductor is required on each run to keep a record of the consist of his train. The car accountant took these reports and made up a statement of the consist of that train and other data I mentioned. The next step of procedure was to determine the cost of those particular train runs, in order to do that we went through the time report of the engine men, the train men and for each one of these particular [fol. 152] train runs I ascertained the actual wages, I mean the actual amount paid and not the basic rate. Having done that we proceeded to arrive at other (St. 34) elements of cost such as fuel, water, lubricants and other supplies and locomotive repairs on various bases. Locomotive repairs being on the basis of locomotive miles for the individual type of locomotive performing that service. Likewise the fuel was based on the fuel cost per mile for that type of locomotive. Water and other supplies on basis of cost per

locomotive mile. As a second feature of the study it was required we get a statement from the auditor of freight receipts showing in detail the movement of the traffic during the same week, October 22 to 28, 1933. In this statement he gave us a record of the car number, the movement from and to and also the revenue in connection. From this record we then made a study of the switching cost at various large terminals of Washington for the week of June 3rd to June 9, 1934, and the reason that that study was not made simultaneously with the other study was because we could not go back and the switching study had to be made as the result of observation of current operation, therefore the periods are not the same. I have developed here that the two periods for June, 1934, and October, 1933, are very similar in characteristics both as to the engine hours and the cars handled and the cars per engine hour. So I think I can safely say that the cost as developed in June, 1934, would be typical of the October business, and typical of the other weeks of the year, and of the other weeks we selected for study (St. 35).

I made other studies of switching costs in Washington. I made a study of switching in connection with log rates. This is a study commonly made in connection with rate cases. You ask whether this study was made in substantially the same way as the study in the Seattle switching case and Washington log rate cases. As to the terminal study, it would be along the same line as the Seattle switching case and also in similar line with the study in November, 1927, and April, 1931. But we did not go into that detail [fol. 153] in the first case (St. 36). I have gone into more detail here. I have the underlying data from which I made up my exhibits which we are going to offer in evidence presently (St. 37).

I prepared an exhibit of 22 pages to show the cost of doing intrastate business in Washington during the year and this week in 1933. The three bundles which have been brought into court contain the underlying data of the exhibits I am going to discuss. (St. 37). You state that the basic data was made from the conductors' reports and you ask if they are in these bundles. Not in these files, because they are matters of official record, but if they are required they can probably be gotten. They are kept and are all

assembled in St. Paul, and it is my understanding that they are kept in the various offices (St. 38).

Referring to defendant's Exhibit "7", Sheet No. 1 is a summary of the results shown by the succeeding pages 4 to 22 summarized on page 1. The gross operating revenue shown is $5,271,893. The gross operating revenue in the state of Washington for the year 1933 of $5,802,530 minus an adjustment as shown on page 4; this adjustment brings the revenue down to $5,271,893. That figure of $5,802,530 is the figure reported to the D. P. W. From the amount as stated we have made deductions on account of certain items which have been (St. 39) included in 1933 and also in previous years as a matter of accounting practice under intrastate revenue, which it would appear should not have been so shown, and these adjustments are enumerated on page 4. The first being a deduction on account of the amount included in connection with foreign commerce and in this connection I want to state this: While the amount from August to December, 1933, as indicated is the actual figure, that as no exact figures were immediately available from January to July, in the case of foreign commerce, we have estimated it on the basis of $25,000 per month, which seems in line [fol. 154] with the fact. It is the average for the months of August to November, 1933. We did not use December, because it was an exceptional month. The amount that shows for August to December of $194,606, is the amount shown in the answer to interrogatories. That is commerce tendered to the boat lines for shipment to foreign countries, that is the export traffic (St. 40). You ask what the other item of deduction is. In connection with switching revenue as in the case of the foreign commerce referred to, it has been the accounting practice to include as intrastate the full amount of switching revenue for intrastate and interstate commerce because of the difficulty of separation. You ask if there was ever any occasion heretofore to make the segregation as to the switching and foreign commerce, No, not until the present situation arose. Heretofore as a matter of accounting we have lumped all the switching and demurrage into local business. You ask me to explain the switching deduction. In the present case we have eliminated for the months of August to December, 1933, $72,351, which represents the amount as stated in the interrogatory and for the months of January to July 1933, we have taken the ratio of the interstate switching to the total switching

for the months of August to December, 1933, and applied that ratio to the total switching for the months in question and we will endeavor to get the exact figures for that item also. I think it is fairly approximate. The totals for 1933 amounted to $161,031, and that added to the revenue for foreign commerce totals $530,637 (St. 41). The balance of $5,271,893 is intrastate revenue, the figure shown on sheet 1, item 1. That is the revenue we received for business moved within the state of Washington known as strictly intrastate business.

You ask me to explain the second item, operating expense $4,796,440, shown on sheet 1. The details of the operating [fol. 155] expenses appear on page no. 6 showing the assignment on account of the operating expenses, freight and passenger separately. The fruit operating expenses of $3,291,785 was arrived at and shown in my detail on page no. 10. In other words, after having determined for the week of the study the cost per revenue ton mile for the business handled during that week and having in mind that that week was more favorable because of the larger amount than average business handled, we applied that cost to the net ton miles for the year, and in that way built up an annual figure. The figure of .98411 shown as an operating expense per revenue net ton mile is the cost per revenue net ton mile of moving this (St. 42) local business on the trains we studied, and the train and yard costs were arrived at in the method I explained at the outset of my testimony by the study of train runs. I show as the first figure the amount of intrastate operating expenses and that figure of $75,078.42 is the total expense for that week, as developed on the preceding pages. The 7,629,079 is the revenue net ton miles. Dividing one figure into the other I get the operating costs per revenue net ton mile shown as .98411. My next step was to the cost so arrived as to the total revenue net ton miles of the Washington intrastate traffic for the year 1933. That is shown as 334,000,000 plus, and that figure is reported to the D. P. W. That is an official figure. That figure of net ton miles multiplied by that cost (St. 43) per revenue net ton mile gives $3,291,785 shown on sheet 6. The next step is in connection with the passenger expenses and the details appear on page 11 as to the method of arriving at the passenger expenses. The total passenger expense as reported to the D. P. W. for the year 1933, based on the separation between freight and passenger as divided on basis pre-

scribed by the I. C. C., was $3,142,708, and a division of that expense between the intra and interstate on the ratio of passenger miles, that is the number of passengers multi-
[fol. 156] plied by the number of miles carried gives an assignment to the passenger expenses of $1,500,957, as shown on page 6. To secure that figure we have divided the passenger expense in the state of Washington between intra and interstate on the percentage relation of inter and intrastate passenger miles and that it was 47.76 per cent. I assigned to passenger business that percentage of the passenger expense, and that gave me $1,500,957, as shown on page 6 (St. 44). And those 2 figures added give the total operating expenses applicable to Washington intrastate traffic. You ask why I added a small item of $3,698. Due to the adjustment by reason of 2 items, the first being the next deduction of operating expense on account of the elimination of the foreign commerce item I previously referred to. In other words, if we take out this revenue of $369,000 it is proper to take out the corresponding expenses which we have done by the use of the freight operating ratio as indicated in detail on page 4. In the cases of the switching revenue an amount has been added for the operating expenses, because the yard expenses included in our study were limited, to the road haul traffic. I think those figures fairly approximate the actual expenses incurred in the local business.

The operating ratio of 68.06 shown on page 4 is the relation of the figures immediately above there of the operating revenue of $4,836,839 as reported for freight traffic and freight operating expenses of $3,291,785 as previously explained. "Operating ratio" means the relationship of the operating expenses to the revenue (St. 45).

The figures on page 4 headed "Reduction of operating expenses by reason of exclusion of revenue from foreign commerce", means this: That we are taking out $369,606 as revenue which probably should have been shown as interstate and the expenses are considered as intrastate move-
[fol. 157] ment and so charged it seems proper to eliminate the item from the expense feature. The switching is a little different. The costs filed are not on the $161,000 eliminated, but on $210,000 remaining, because as I explained the yard cost developed did not include these switching operations. This $143,185 is the amount of the expense I have added to the local on account of $210,000 intrastate switching revenue

which we allowed to stand in the account (St. 46). You ask if in my opinion that is a fair way of handling that. I think it is quite favorable.

The next step on page 1 is the item 3. Item 3 on page 1 shows the result of the deduction of the operating expenses from the gross operating revenue and indicates a net revenue from railway operations of $475,453.

I had to deduct tax levies on account of the value of the property used in the local operations. The details of that are shown on page 7 and the method applied was as follows: The taxes on operating property in the state of Washington for the year 1933, subject to the modification I referred to this morning was $2,005,015 and there is the relationship of that item of taxes to the total operating revenue in the state of Washington was 16.618%. Applying that percentage to the revenue intrastate freight and passenger produces an assignment in the amount of $876,083.00 (St. 47). To this amount there has been added an amount for the filing fee one-tenth of one per cent. And the reason that this amount slightly disagrees with the amount of five thousand seven hundred and one dollars that I quoted this morning is because this is limited to only certain features of revenues whereas the five thousand seven hundred and one dollars is all for the intrastate revenues. In proper relation the federal taxes of the system have also been added in the relation of the intrastate to the system operating revenue. In other words of the federal tax of $72,797, an [fol. 158] assignment of $8,066 has been made to Washington intrastate traffic. The final figures *are* shown at the bottom of the page are as they appear on page 1.

(The witness was then asked whether that was the customary way of assigning taxes—in proportion of the assigning of revenues. To this question, defendants' counsel objected. The objection was overruled (St. 48). Whereupon the witness answered "Yes" and continued:)

On sheet 1 I have deducted the taxes from the net revenue and leave the net deficit for the year 1933 on account of local traffic in Washington *of local traffic in Washington* at $413,866.

(N. P. Exhibits "8" and "9" were thereupon received in evidence. (St. 49.) Whereupon counsel for defendant

stated that it was his position as a matter of law that the inquiry as to the cost and expenses of local traffic should end with this figure of $413,866 shown as a loss in the final figure, and had made up the statements as to joint facility rents merely as a precaution (St. 50). Whereupon the witness continued:)

Page 2 of Exhibit "7" is a comparison of the result if the proportion of joint facility rent income which accrues in the state of Washington were applied to intrastate traffic and in that event a corresponding charge made for bonded interest also applying to the Washington intrastate traffic and showing that in the first instance the joint facility rent income. The joint facility rent—net is the amount collected by the N. P. from tenant companies for use of lines less the amount which is similarly paid by the N. P. to other lines for rental of their property and the net result is the amount shown under item 1. The item of $582,774 [fol. 159] is more fully set out in detail in the (St. 50) Exhibit on page 8 which shows the joint facility rents net for the state of Washington for the year 1933 and also the assignment to the Washington intrastate in the case of freight we have assigned to Washington intrastate 39.86% on relation of intrastate net ton miles to the total revenue net ton miles. And the passenger has an assignment to Washington intrastate in an amount equal to $47.76% which is based on the separation of the revenue passenger miles between intra and interstate in this state. The total amount appearing on page 2 is $582,774. On page 8 I show the total amount of the joint facility rent in the state of Washington. The chief amount of the credit item would be the rentals paid to the Northern Pacific by the G. N. and O. W. for the lines between Seattle and Vancouver, Washington. All of this amount was earned on lines in Washington. I have divided that between the state and interstate business in the way I have mentioned.

(Counsel for defendant then asked about item 2, on page 2, bond interest. Whereupon defendant's counsel objected on the ground that the same was wholly immaterial (St. 51). The objection was overruled (St. 53). Whereupon the witness continued:)

On page 2 of Exhibit "7" the bond interest shown has been arrived at by taking the interest on funded debt for

the year 1933 of the N. P. and eliminating the interest on Series B and C bonds that were issued for the purchase of the Burlington stock. The balance is $7,448,377. Now we have assigned to Washington a proportion of that, 25.09%, on the relation of the allocation figures submitted before the Washington Board of Equalization as applying to the year 1933 alone, which gives an assignment to Wash- [fol. 160] ington alone of $1,868,788. This amount so arrived at for the state of Washington has been further subdivided between freight and passenger proportions and the relation of the freight operating expenses in the state of Washington in 1933 to the total operating expenses in Washington for that year; and in the case of passenger on the passenger proportion of the operating expenses in relation to the total operating expenses for the year 1933 (St. 53), the percentages being shown as 71.80% for the freight and 28.20 for the passenger. Then the freight amount is broken down to intrastate proportion based on the relationship of the revenue net ton miles of Washington intrastate traffic as compared with the total revenue ton miles in the state, which gives an assignment of $534,837 to intrastate and in the case of the passenger the assignment is based on the relationship of the intrastate revenue passenger miles to the total revenue passenger miles giving the amount as stated $251,694. The total assignment of the bond interest to Washington account intrastate traffic is $786,531, and this sum exceeds joint facility rent by the amounts shown later on page 3, the excess being $203,757 (St. 54).

These lines from which the joint facility rents are received are used in both intra and interstate business, indiscriminately with the other lines of the state (St. 55).

I spoke of a study of the terminal costs. By that I mean the costs of switching. The results of that study figure in my cost of total traffic that I have testified to. In order to secure the terminal expenses in connection with the handling of intrastate revenue traffic, a study was made at the principal points where regular switching service was maintained in Washington during the week of June 3, 1934, to June 9, 1934, and for the purposes of this study [fol. 161] a record was kept at the various points of the individual classes of work done by the switchmen; and also in that connection a very complete record was kept of car

handlings, which extended to the time of the various movements. In order to secure as we thought, greater accuracy, we had a car record kept by yard clerks independent of the record which usually would have been kept by the switch foreman. In other words, the switch foreman kept the record only of the time and the various movements and the (St. 56) car record clerks kept a record of the number of cars that were handled in those movements. We then proceeded to build up a case study for each one of the terminals separately. That is, we first determined the yard expenes that applied to the various points in detail, and after arriving at the net engine hours—and by the way the net engine hours would mean the gross engine hours made in the yard, minus any deductions for so-called overhead, such as meal time or running to round house, and other items of unassigned items.

We determined the cost of net engine hours at the various points, and then proceeded to apply that cost per engine hour to various classes of service in the terminal.

That is, taking Spokane for example, we had a certain amount of gross engine hour expended in classification Yardley Street, and during that time we handled a certain number of loaded cars. We then proceeded to develop the number of loaded cars per net engine hour and by application of the yard costs referred to determined the cost per loaded car in the various elements of service. We then proceeded to make an exact analysis of the cars that are handled in intrastate business for the week of October 22 [fol. 162] to 28, 1933, and with the assistance of the operating department and also the man who had compiled this study, we were able to determine the various moves that the cars would actually receive. And then having the cost for the various individual moves in the yard we applied those costs to the car movements of intra-state traffic, and in that way (St. 57) built up our costs of handling that traffic. You ask how many men or employees figured in that terminal study. Well, it would be measured by the number of yard foremen, the various shifts. I think perhaps one of the other departments could better inform us as to the number of men that were used. There was probably one yard clerk at each of the ten larger points assigned to the study, and of course a considerable amount of detail was required in getting at the engine-hour costs. But the num-

ber of men who actually kept a record of the time they devoted in the various surveys would be determined by the number of yard conductors in that region. The underlying data from which I give my testimony herein is included in the three bundles brought into court. By the "underlying data" I mean the time the individual yards devoted to this class of service and the number of cars devoted to that period. It is a special study, and those bundles contain the complete data on that study. This is the same method as was used in the Seattle Switching case and the Log Rates cases (St. 58). It is a formula that has been used a number of years and has the official sanction of the Interstate Commerce Commission known as the Corriston-Sauer Formula (St. 59).

(The witness then testified over the objection of plaintiff's counsel that the same was immaterial, that the method used is recognized and has been used repeatedly on prev-[fol. 163] ious occasions. The witness was then asked to state the results of what costs he developed in that way, the total yard costs and switching costs, and where it was shown on Exhibit "7". To this question, plaintiff's counsel objected on the ground that the same was purely hearsay. The objection was overruled (St. 59). Whereupon the witness continued:)

These amounts will be found on page 12, Ex. "7", under item of yard expenses, the amount shown being $9,104.69. In other words, that is the expense attributable to the intrastate traffic as determined by an analysis of the movement of each of the cars during the period from October 22, to 28, 1933, and the proper cost applied to each car movement.

(Defendant's Exhibit "7" was then received in evidence over the objection of plaintiff's counsel that the same was hearsay, largely based upon conclusions, based upon estimates not made by a qualified expert; and on the further ground that the apportionments of expenses and revenues are to be made upon an arbitrary basis and do not represent the true and equitable division of either the revenues or (St. 60) expenses. And upon the further ground that the same is wholly incompetent, irrelevant and immaterial; and further that the underlying data, the books of the com-

pany from which a large mass of this data is taken, they have not been introduced in evidence and no opportunity given to examine the books, no opportunity given to examine the persons who compiled the data from which the exhibit was made (St. 61). The witness then continued:)

Sheets 23, 24 and 25, of Exhibit "7", are statements in [fol. 164] connection with the assessment of operating property in the state of Washington and are such as have been offered by the N. P. in hearings before the Board of Equalization. I prepared and submitted them. They are correct in all detail (St. 61).

(Said sheets 23, 24 and 25 were thereupon received in evidence as Defendant's Exhibit "10" over the objection of plaintiff's counsel that the same were wholly immaterial (St. 64-5). The witness then continued:)

Exhibit "11" for identification is a statement of the engine hour costs as developed for the ten terminals as indicated by the headings on the forms in the state of Washington for the period from June 3, 1934 to June 9, 1934. It shows the expense for the test period, the net engine hours, and the cost per engine hour as developed. Exhibit "12" for identification is an analysis of the engine hours and cost per car in connection with the switching operations at the terminals indicated for the same period as shown for the engine hour costs. It is self-explanatory. Exhibit "13" for identification is an analysis of the engine hours and cost per car in connection with the switching operations at the terminals indicated for the same period as shown for the engine hour costs. You ask what I mean by this classification of services. In the various yards necessarily the work done by the switchmen is divided into certain classified lines. Part of the time is devoted to the classification of cars, that is making the breaking up of trains part of the time is industrial switching, and other parts of the time is in connection with transfer movements, and all other services that were considered in the yard movements (St. 70). A transfer is taking a switch trip from one point to another within the yard where the dis- [fol. 165] tance is sufficient to warrant calling it a transfer. "Interchange" would be connecting to an inter-company line. "Freight house" would be largely in connection with movements to the freight house of L. C. L. and so forth.

"Team track" would be, as the name indicates, deliveries on the team track for the benefit of one or more shippers. For each class of service I kept this time separately, and developed the cost for each class. That is, per engine hour. Then we also developed that for the number of loaded cars handled, and in fact we developed the cost per loaded car for the various elements and services, and cost per loaded car is shown on Exhibit "13" and in that way we have built up our costs for the intrastate traffic, as I have explained, and as shown on Exhibit "7". You ask if the reports and underlying data of the men who did this work is contained in the three bundles brought into court. That applies to that feature. The data as to the engine hour costs is not in that detail, but would be developed (St. 71) from other sources. You ask what other sources. Well, we have taken that from the records of the division accountant's office, and things of that kind. That is in the other data that we have with us. So far as the terminal study is concerned the data that applies to the matter of the time and the cars is included in those 3 bundles. The matter of the cost per engine hour was developed from the division accountant's records which is the figure that I made myself. That was not any special study (St. 72).

(Thereupon defendant's exhibits "11", "12" and "13" were received in evidence over the objection of the plaintiff's counsel that the same were pure hearsay, and were [fol. 166] neither competent, material nor relevant (St. 72). The witness was then temporarily excused (St. 73).

I made a study to show how the local business and the interstate business is handled in the state of Washington. In order to arrive at the data to show the degree to which the interstate and intrastate traffic were intermingled and handled together, a detailed study was made for the week of March 25 to 31st, 1932. I prepared 10 illustrating what I did (St. 95). These are marked N. P. Exhibit No. "15" for identification. There are 14 pages all told in this exhibit. The method pursued was as follows: A study was made of the week of March 25 to 31st, 1932, of the freight train movements in the state of Washington and this data was compiled from the conductor's reports. We have shown the information as to the train miles, the loaded car miles intra and interstate, the percentages of the total, and like-

wise revenue net ton miles intra and interstate, and the percentages of total. In addition to the showing just referred to, a further study was made as to what possible trains could be eliminated in the event that the carrier, or that the N. P. had not carried any intrastate traffic in the period of March 25 to 31st, 1932, and an analysis was made by such individual trains showing the consist of the train, and from this statement was computed the wages of the engine men and the trainmen, the fuel and other supplies for locomotives and locomotive repairs, and this was considered as the so-called out-of-pocket expense as (St. 96) applied to the trains that would have been eliminated. The purpose of this study was to show first how the local business and the interstate business was moved, and that [fol. 167] it was moved in the same train and handled by the same employees, the extent of each kind of business, and also as to the eastbound and westbound. My further study was intended to show what amount of expense the N. P. could save if it abandoned its local business, and what therefore would be the balance of the expense which would be incurred if only interstate business was handled (St. 97).

(The witness was then asked to state whether he found that this local business and interstate business was in fact inseparately commingled and handled on the same trains and by the same employees and with the same facilities and over the same lines of railroads, both east and west bound. To this question plaintiff's counsel objected on the ground that it called for a conclusion of the witness and no foundation had been laid. The objection was overruled (St. 98). Whereupon the witness asked defendant's counsel if he was referring to all the traffic in every specified case, or the traffic generally, to which counsel answered: "Generally, yes." The witness then answered: "Generally, yes" (St. 98). Whereupon the witness continued:)

In the year 1932 the gross freight revenue in Account No. 101 for business done in the state, both local and interstate, was $10,507,609, as shown by the exhibit here. Of this, $5,497,482 was intrastate and $5,073,127 interstate. Those figures are shown in the annual report to the Department of Public Works for that year. For the state of Washington the intrastate ton miles in revenue service

were 326,050,387, and for interstate, 427,671,410 or a total for the state of $753,721,797, for that year. Those figures are shown in the reports to the Department in this way, that in the schedule to the Department we show the total ton miles of revenue freight, but as a matter of additional [fol. 168] information we also report the intrastate ton miles so that the other is a matter (St. 99) of deduction. For the week of March 25 to 31st, 1932, the total revenue net ton miles were 14,426,082, of which the intrastate was 6,824,237 or 47.3 per cent, and the interstate 7,601,845, or 52.7 per cent. Of the total local ton miles the eastbound was 3,022,719 and the westbound 3,801,518, a total of 6,824,237. Of the interstate revenue net ton miles the eastbound were 5,175,941, and westbound 2,425,904, a total of 7,601,845. Those ton miles were carried over the same lines of railroad, in the same trains, were handled by the same employes (St. 100) and with the same facilities. We made no attempt to study the passenger traffic because of the difficulties in connection, and of course the passenger service is also intermingled the same as the freight service. The same trains carry interstate and local passengers.

The total passenger revenue in the state of Washington for 1932 was $943,250.73, of which $379,715.40 was intrastate and $563,535.33 interstate, a percentage for the intrastate of 40.26 for the interstate 59.74. In speaking of passenger revenue we are now referring to account 102 passenger tariff revenue. That data is reported to the D. P. W. The revenue passengers carried in the state of Washington for the year 1932 were 280,521, of which 145,061 or 51.71% were intrastate and 135,460 or 48.29 were interstate. The revenue passenger miles were for a total in the state of Washington in 1932, 42,735,770, of which 18,739,808 or 43.85% were intrastate and 23,995,962 or 56.15% were interstate (St. 101).

It was my observation that speaking generally those passengers were carried for the most part on the through east and west trains and the through interstate north and [fol. 169] southbound trains. The N. P. is not carrying passengers on strictly local trains any more, compared to the total. The busses carry those passengers.

Sheet 1, Exhibit "15" is prepared entirely from information reported to the D. P. W., with the exception that I have just mentioned, that the number of tons and ton miles

are shown in total for the state and also the intrastate is shown as a special matter of information, so that the interstate becomes a matter of deduction. It is correct (St. 102). Sheet No. 2 is prepared also from the reports made to the D. P. W. of Washington, and the passenger revenue is exactly as stated in that report. The passengers carried under passenger miles are as stated so far as the intrastate and total is concerned; the interstate being a matter of deduction. It is correct. Sheet No. 3 was prepared to show the difference in the average haul of the intra and interstate traffic in Washington in the year 1932 and for March of 1932, and of course the value of the comparison lays in the fact that it shows that the month of March very closely approximates the average for the year. It also shows the marked difference in the haul between the intrastate and the interstate traffic. It was intended to show that this week in March was a representative period. The figures for March were obtained from the freight accounting department and forms a part of the figures for the year 1932 as submitted. That was not reported to the D. P. W. for the month of March (St. 103), except in the totals for the year, of course, but not for the month. I have the details that were furnished me by the auditor of freight receipts, but I have got no other original sources. Those are made up in St. Paul from the original books of ac- [fol. 170] count. This was not a special study. That sheet No. 3 is correct.

Sheet 4 was prepared with the idea of showing that the month of March, 1932, as well as the period from March 25 to 31st, 1932, was representative of the average situation, and it indicates that the percentage of March to the total year of 1932 of intrastate freight revenue, account 101, was 9.27% (St. 104). I think it speaks for itself in the column showing the percentage figures. I want to say that the figures referred to as freight train miles and car miles are not on a revenue basis. They are taken from the conductor's reports which reflect the operation, but still show a consistency between the month and the year of 1932. Those figures in the first 2 columns showing the intrastate freight revenue and the ton miles are taken from the D. P. W. report. Sheet 4 is a correct statement (St. 105). I wanted to enlarge a little on that in this, that at the bottom of this statement we are going a little beyond the month

of March and showing also the relationship of the period from March 25 to 31st, indicating that the loaded car miles are very close as far as the week is concerned and the month. In other words, if we take the week as used for March 25th to 31st, 1932, and project it to a monthly basis, the amount would be 102.7% of the actual figure for the month, showing that the week is representative.

Sheet 5 is a comparison of the ton miles revenue and of intrastate and interstate traffic in Washington, with the idea of showing that for the year 1932 and March, 1932, and also bringing the best period week up to a constructive month, it would be very uniform as to the percentage of intrastate traffic. In other words, the year 1932 was [fol. 171] 43.26% and March, 1932, was 44,91%, and the test period was 47.35. That shows that the traffic throughout the year was distributed with approximately uniformity (St. 106).

As to sheet 5 the source of the figures for the year 1932 would be from the annual report to the D. P. W. For March, 1932, would be the special information furnished by the auditor of freight receipts which form a part of the freight reports for 1932. The information as shown for the test period will be that which is shown on the preceding exhibit, or rather on the following exhibit, No. 6.

Sheet 6 is a detailed summary analysis of the freight traffic movement in the state of Washington for the week of March referred to, and shows the total loaded car miles divided between intra and interstate, the percentage of intrastate being 44.65. It also shows similarly the revenue net ton miles, the percentage of intrastate being 47.30. It shows how the traffic divides as between eastbound and westbound (St. 107).

Sheets 7 and 8 were made up on identically the same basis except that page 7 covers the eastbound traffic and page 8 the westbound. It shows the number of individual trains run for the week of March 25 to 31, 1932 in the state of Washington, and indicates the number of train miles, the loaded car miles intra and interstate, and total, and the percentages of the total which apply to the interstate and intrastate, the revenue net ton miles, intrastate, interstate and total, and the percentages applying to intrastate and interstate. The information shown on the sheets No. [fol. 172] 7 and 8, is to show that the traffic which is sum-

marized on the preceding sheet No. 6 moved on these particular trains and train runs listed hereon sheets 7 and 8. Sheets 7 and 8 were made from details that were drawn off of the conductors' reports, and these detailed statements show the information that appears on these statements (St. 108). You ask me to explain what conductor's reports are. The conductor makes a report of the consist of his train. He shows the points between which the cars are hand-ed, shows the detailed information which enables the car accountant to figure the train miles and ton miles and car miles and so forth. In other words, the conductor's report shows only the basic movement, and from that they compute the ton miles and car miles. It shows the consist of the train, and to that extent, the kind of traffic it handled, and the origin and destination and the commodity. It is a complete statement of what that train was doing on that run. Each train conductor turns in the report of his run. I think there is a train conductor for each of these movements listed here. It involves the examination of a vast amount of data and reports made by a large number of people. And I want to mention that the details we have (St. 109) of course, are summarized here for the entire week, but we have a report for each day or each one during that week. As far as I know those sheets are correct. They are prepared by our car accountant in a careful way (St. 110) and made in the regular course of business. All of this underlying data was made by employees in their regular course of employment.

Sheet 9 is a summary of the two following pages showing the amount which has been estimated as the possible [fol. 173] reduction by reason of trains that could be discontinued if the intrastate traffic had not been carried during that period. This particular statement shows the train miles, and locomotive miles and car miles that would apply to those particular trains. It shows those train miles and car miles which would not have been run if intrastate business were not carried on these trains that I have listed in my previous exhibit. If the railroad company abandoned its local business, it would not have made these train miles and loaded car miles that would apply to those particular trains, that I have shown here (St. 111). You ask how that was made and what it was based on. After we had secured the data for pages 7 and 8 of this present

exhibit which covered all of the train movements in the state of Washington, this data was submitted with some additional data, which is not on this statement but appears in the details which we have here, as to the number of cars set out and picked up. They were referred to the operating department so that some operating man who was qualified could go through every individual run in detail, and by comparing the consist of the train, the number of cars picked up or sent out, and all of the salient features, to determine whether or not it would be possible to eliminate certain trains without disparagement to the service. And as the result of that study we were furnished with a list of those particular trains. Then having done that we proceeded to have the District Accountant at Tacoma give us the information as to the wages of the engine men and train men as applying to those particular runs. He gave me the cost of the engine men and trainmen's wages on those runs which the operating department thought could be abandoned and still give adequate interstate service. The balance of the information shown on this (St. 112) particular [fol. 174] exhibit as to fuel and locomotive supplies and locomotive repairs was prepared by us on the basis of the showing as to the locomotive miles in those particular trains. That is the locomotive miles which being abandoned as intrastate business were not done, would have cost so much for fuel. You ask if I have computed the costs of that service which would be abandoned. I would not use the word "cost". I would say that that is the amount which would have been saved if that service had not been rendered, rather than cost. (On sheets 10 and 11 I have shown the train runs which could have been abandoned. Sheet 10 is the Idaho division eastbound and westbound, and sheet 11 is the Tacoma division eastbound and westbound. It shows the savings which would have been made if this local business had been abandoned and these train runs listed on sheets 10 and 11 had been abandoned (St. 113). The data contained on pages 10 and 11 is contained in that special study of the week period (St. 114).

As to sheet 12—so far as the movement shown on this particular statement is concerned, the amounts appear on Exhibit 12 here (St. 114) in this manner: The amount that would be saved is shown in detail on the first column insofar as the amounts appear for the week on page 9. The

total for the year is $870.88. That includes also items in addition to what we have on page 9. The amount for the year 1932 as based on the 52 weeks is the exact amount that appears in the first column on page 12 for the first 5 items. You ask how I got the other items shown in the first column of sheet 12. They are more or less of an allocation based on the relationship of the car miles or ton miles of the intrastate traffic in the particular week in [fol. 175] March, 1932, and a comparison was made as to relationship between the total intrastate loaded car miles, and the loaded car miles that could be eliminated by these particular trains being removed, and the amounts were divided on that basis generally (St. 115). I think, in my opinion it is a fair and approximate estimate of the amount which could be saved by the railroad company if this local business carried on the local trains listed on the preceding sheets have been abandoned. You ask how I got my estimate of the amount which would be saved for reduced car mileage as shown in the second column of sheet 12. I must go at that in rather a detailed way. In the matter of fuel for train locomotives, the amount we have for saving by reason of train reduction is shown as $188,050.00, and then the reductions shown where the same train service was retained would be based on the car lines that were not required, even though there was no reduction in the train service. In some instances, as there shown, we would have to continue to run the train for interstate business, but we would reduce our car miles by reason (St. 116) of abandonment of the local business. This is my attempt to estimate the saving because of the elimination of the car miles in local business. The amount of train elimination would account for a certain number of loaded car miles or gross ton miles, and then the balance of the traffic eliminated would also have to be applied on the car mile basis. You ask how I made my estimates of the amount which would be saved by reduction of car mileage in local business, that is, by abandonment of car mileage in local business. In the matter of freight car repairs and train supplies and loss and damage to freight and injuries to persons, I computed an average cost per car mile for a period of years in the [fol. 176] state of Washington. In the matter of the freight car repairs, the amount shown was based on the saving in total car miles of intrastate traffic, and applied to that the

average cost in the state of Washington in 1931 as the cost per car miles for freight car repairs. In the case of loss and damage to freight we applied the average for the five years from 1927 to 1932, that is the average per loaded car mile, and in that way arrived at the amount applying to the saving in car miles. In train supplies and expenses we likewise used the average cost per car mile loaded and empty for the five year period from 1927 to 1932, and applied that to the saving in car miles. In the case of station and yard service the saving that we have was (St. 117) based on the total in this way, that we had the operating department make a study of the saving that could be effected by reason of reduced station service and yard service in the event that we would not be required to handle intrastate traffic, and from this saving for the one week in question we developed an annual figure for the saving as far as the yard service was concerned and the station employees. And that would require considerable detail to go into that question. It was my theory and thought to account for all of the savings which the railroad would make by reason of the abandonment of the local business. The statement is correct to the best of my knowledge (St. 118).

Sheet 13 is a statement for the year 1933 of the same information as was previously shown on page 1 of the (St. 118) present exhibit for 1932, to show that the condition has not materially changed as between the relationship for the intrastate and interstate traffic as applying to tons of revenue freight, ton miles of revenue freight, freight revenue [fol. 177] and it also indicates the total operating revenues. March, 1932, was selected as being typical of that particular year. This particular figure on sheet No. 13 is a recorded figure as to the traffic actually handled. I did not have this figure shown on page 13 when I made my special study, because the year 1933 had not elapsed at that time. The information on page 13 is taken, as I explained previously, for 1932, from the report to the D. P. W., except as to the fact that the net ton miles and the tons of revenue freight are not shown in the report for interstate, but can be arrived at by (St. 119) a process of deduction.

Sheet 14 is a statement for the year 1933 of the passenger statistics for the state of Washington, showing the division of the passenger revenue, account 102, passengers

carried and passenger miles. You ask if sheet 14 is the same for passengers as the preceding sheet, No. 13, is for freight statistics. This exactly corresponds to sheet No. 2 for 1932 (St. 120).

Sheet 15 was prepared to show the change in the situation in the state of Washington in later years as far as the operating or rather the net operating revenue is concerned. The net operating revenue, that is the operating revenues less the operating expenses in the state of Washington for the year 1932 was $2,261,955. The corresponding figure for 1932 was $508,507; for 1933 $919,912. Its purpose is to show that years prior to 1932 are not representative of conditions existing in 1932 and succeeding years. That is entirely taken from the report to the D. P. W., and is a correct statement (St. 120).

(N. P. Exhibit "15" was then received in evidence subject to the objections of plaintiff's counsel to be made later (St. 121). The witness then continued:)

The expenses for 1934 both for Washington and the [fol. 178] system should be very much the same as in 1933 (St. 121). The total operating revenues of the system for the eight months of 1934 were $33,044,301, an increase of $3,311,859 over the same period of 1933. During the same period the total operating expenses were $27,270,562 for the eight months of 1934, or an increase of $1,175,203 over the corresponding eight months in 1933. It can hardly be figured that the revenues and expenses in 1934 will be about the same as in 1933, because the tendency has been rather downward on the earnings, and we all know about the crop situation out in the Dakotas, and any estimate made for the balance of the year would (St. 122) be wholly conjectural. I don't know that it will be better in 1934 than in 1933. I think it will be pretty much the same as 1933. That is only an estimate that I make in the light of what knowledge I now have. As a result of the action of the executives of the Labor Board and others, there has been an increase in the wages of the employees effective on July 1st of 1934, which will have a considerable effect on the expenses for the last half of 1934, and of course will be much more felt in 1935, because while 2½% of the deduction that was made and was effective until June 30, 1934, was discontinued on that date, there will be a fur-

ther deduction of 2½% in this so-called deduction on January 1, 1934, and the full 10% deduction will be reinstated on April 1, 1935. So that the effect will be a tremendous increase in expenses in the year 1935 particularly (St. 123).

I don't think there were any passenger trains that could have been discontinued or any saving of any passenger expense could have been made growing out of the local business, on account of the way the traffic was handled. I think we would have to run the trains in any event. For the year 1932 the intrastate freight revenue was $5,497,482. [fol. 179] The passenger revenues as reflected in account No. 102 was $379,715. The other operating revenues were $736,762, making a total of operating revenue in Washington as applying to intrastate traffic of $6,613,959. In the event that the intrastate traffic had been abandoned and the savings as indicated by page 12 of Exhibit "15" are applied, it would result (St. 124) in a reduction of the total operating expenses in the state of Washington by $1,471,623, but it would, of course, eliminate from Washington the full amount of the intrastate revenues, and the net result would be that applying the reduced costs as referred to, and applying that against the interstate revenue as recorded, and taking in the state of Washington taxes on operating property, would result in a loss on interstate business of $7,098,796, for the year 1932.

(At this point the witness was permitted to testify over the objection of plaintiff's counsel that the same called for an expert opinion, that it would not be possible or a practical matter to operate the N. P. lines in Washington with a result of that kind (St. 125). The witness then continued:)

The figures in paragraph 7 of the Answer are correctly stated (St. 126).

The figures in paragraph 5, subdivision "f" of the Answer as to the revenues received by the N. P. for carrying government business are correctly stated. That, of course, is not local business alone. It is all business in the state (St. 177). Plaintiff's counsel asks if those figures were all before the D. P. W. No, sir, that is, they are included in the figures as reported for the year 1933 in the

annual report, but they are not reported for the individual 10 months as shown. But the figures that I have quoted there for the 10 months, for January to October of 1933, are [fol. 180] the identical figures that are included in the 12 months as reported to the Department.

On Cross-examination he further testified as follows:

You ask what my duties are in connection with my position of statistician of the N. P. Well, the duties are of a general statistical nature, the preparations of various data for rate proceedings, and things of that nature, and the preparation of the annual reports, and general statistical information for the railroads. It has nothing whatever to do with operations. I have occupied that position since April, 1927. My duties include the preparation of the reports of the various regulatory bodies and taxing bodies, including the reports of the Washington D. P. W. and tax commission (St. 183). The operating expenses are not separated between intra and interstate in any reports that we make to the regulatory bodies. The revenues are so divided by the different departments who handle the various revenues. We make certain reports to the regulatory body of Washington. The only operating expenses that we report to the state of Washington are those for the state as a whole, which cover all of the operations within the state, both interstate and intrastate (St. 184). I used those operating expenses so segregated in part in making up the statistical data contained in N. P. Exhibit No. "7". Those operating expenses are apportioned as between freight and passenger expenses. You ask if I, as statistician, determined what items of expense should be charged to freight and what to passenger service. Well, we do in this way, that we have general charge of the preparation of the report, but the actual work is not done by us, the details being handled by the Auditor of Disbursements. The direction [fol. 181] as to how the division shall be made is made by the I. C. C. In other words, the separation that we make of the operating expense between freight and passenger service is made on the same basis as that which is made for the I. C. C. and is based on the rules for the separation of operating expenses between freight and passenger.

You ask if there are rules providing for the division of expenses as to freight and passenger service as to our reports to the D. P. W. The only rules that I know of or

had occasion to refer to are the rules that were issued by regulation adopted December 31, 1914, by the Public Service Commission of Washington. Those rules provide for the apportionment of revenues and operating expenses to the state. I do not recall any provision being made for freight and passenger (St. 188). The only official rules I know of regulating the division of the expenses as between freight and passenger service are ones we are using, which were issued by the I. C. C. We follow the I. C. C.'s rules in reporting to the state in dividing as between operating expenses incident to passenger service and operating expenses incident to freight service. And I might mention, with the result that the report to the I. C. C. is the sum total of the reports we make to the various states. We make these reports on a uniform basis to all the states. Then, we do not follow the rules of the D. P. W. in making those reports. As I said, the rules here make no provision for freight and passenger, and therefore they cannot be followed. There are six main divisions of expenses of operation. The first is: maintenance of way and structures (St. 189). With the exception of superintendence and insurance, stationery and printing and other expenses, I believe these expenses are practically all directly assignable to the state of Washing- [fol. 182] ton. In the roadway accounts, 202 to 226 inclusive, where amounts are shown under "yard", the common charges are divided between freight and passenger on the basis of the locomotive miles in the various individual yards. In the road proportion of accounts 202 to 226 the basis of division between freight and passenger where no direct assignment has been made, is on the basis of the charge to fuel for locomotives, train, freight and passenger (St. 191). The relative dollar value of the coal consumed, not the relative pounds of coal consumed (St. 192). The other accounts are apportioned between freight and passenger in accordance with the I. C. C. rules. We use the same method in apportioning expenses as to each state to which we report. But the I. C. C. rules require that the separation should be, as far as practicable, made by operating or accounting divisions (St. 193). That rule applies to all accounts. You ask what accounts 278 and 279, "maintaining joint tracks, yards and other facilities", consist of: The maintaining joint tracks and terminal debit would represent the amount that the Northern Pacific pays the other railroads for the maintenance feature of joint facilities.

The credit account, of course, would represent, conversely, the account that the Northern Pacific elects from other companies for use of its facilities in joint operation as applied to maintenance of way. On the N. P. line between Seattle and Vancouver, there are two tenants, the O. W. and the G. N., which operate under a contract between those companies and the N. P. They contribute to expenses of maintenance of way and structures on a car mileage and locomotive mileage basis. The N. P. makes all the expenditures for maintaining the right-of-way and structures in the first instance, and it charges the tenants' proportion [fol. 183] back (St. 194). That is shown as a credit in account No. 279. What we pay out is shown in Account No. 278 (St. 195).

The second main division of railway operating expenses is Maintenance of Equipment. You ask how the expenses are apportioned as between freight and passenger service. Well, the allocation to the states is, of course, made in this way, that we have a definite amount of freight (St. 195) or passenger, and it is pretty hard to speak in general of this maintenance of equipment account because there are so many different aspects to the proposition.

The next main division is Traffic Expense. That is apportioned to the states on the basis of the train miles in the various states. That is, we divide the freight which is directly—freight to the various states on the basis of freight train miles, and passenger on the basis of passenger (St. 199) train miles. You ask how we divide it between the passenger and freight expense. Well, that is provided for by the Interstate C. C. as being based on the total amount of the account as finally assigned. For instance, in the state of Washington it will be noted that for the year there is $190,000 shown for traffic expense freight and $195,000 passenger. Well, that would be the basis of the division of the so-called common expenses between freight and passenger. But I want to make this point clear that we do not deal with the state of Washington as one unit. The amounts that are reported to the state of Washington are the sum totals of the divisions within that state. We spend more for the solicitation of passenger traffic than we do for freight traffic as directly assigned, and we only receive 10% or 15% of the revenue from passenger service that we do from freight service. You ask how it is that we spend so much money for soliciting passenger traffic when

[fol. 184] that traffic is such a small proportion of our total revenues. Of course, the main item here is advertising, which we know is a necessity, even though it is charged to the passenger department. It might well be that more should be charged to the freight department (St. 200). I think the I. C. C. rules as to dividing the expenses as between freight and passenger give as nearly a correct result as can be made (St. 202). All of the accounts in "General", where the allocation cannot be made directly, are apportioned between states on a train mileage basis (St. 203).

You ask if it is strictly true that the apportionment of operating expenses to Washngton had been directed by the D. P. W. in the manner followed by us. I believe I stated it was essentially the same. I did not say exactly the same, because I know it is not, because I have compared it account by account. I have said that the D. P. W. has never to my knowledge complained with respect to this apportionment as to the method in which we make the reports. You ask whether the D. P. W. has ever accepted this division of expenses as a proper method of apportionment of expenses in any question dealing with rate making (St. 204). My answer is that I don't know. I have *been* repeatedly been a witness in inquiries before the D. P. W. involving the propriety of given rates (St. 205). I don't recall any objection to the matter of/ ap-ortionment to the various states. There, of course, has been some agitation about the excessive cost in the state of the operating expenses, but not as to the allocation to the state, as I recall it. The following note has appeared on the bottom of page 707 of our report to the D. P. W. for 1933 and all of our reports both to the Tax Commission and the D. P. W. for a number of years (St. 206-7).

[fol. 185] "The statements herein either of revenues or expenses attributed to Washington are misleading unless properly understood. They are necessarily based on arbitrary assumptions as follows:

"Revenues contain (first) the revenues of business wholly local within the State and in addition a proportion of interstate revenues determined by the proportion of mileage which each interstate freight shipment or passenger is carried within the State.

"Charges for expenses contain (first) those expenses incurred in each state, that are considered wholly applicable to that state, and in addition some mileage proportion of expenses which cannot be localized. Apportioning either such revenues or such expenses on a mileage basis is purely arbitrary and has been adopted for want of any other basis."

You ask if I agree with that statement as to the apportionment of operating revenues in Washington. This memorandum was not prepared at my request. It has been put in at the request of the executive Department, but I will say that I can't entirely subscribe to the arbitrary feature of that. I think that the method is probably as fair as can be used. You ask me whether it is my opinion the method I have used of apportioning operating expenses to Washington is the best method of apportioning operating expenses that can be used for the purpose of determining the propriety of rates both in this state and in any of the other states through which this line operates. I think each question there will have to depend largely on the local situation (St. 208). I have testified that I apportioned the N. P. system operating expenses by the same rules and formulas in each of the states through which we operate, and to which we make reports. You ask whether or not, for the purpose of determining the propriety of a local rate in any one of the states traversed by the N. P. the method used in the apportionment of these operating expenses as I have reported them to the state of Washington is the best method that could be used for the purpose of making such apportionment. I would say no. You ask me why. Well, because the conditions are [fol. 186] constantly changing. I think that the present practice of assigning to the (St. 209) state the expenses covered within that state that are considered applying to the state, and an apportion- of the other is the best possible method now known for making this separation.

You ask if I would be satisfied in any rate inquiry in any of the states traversed by the N. P., from the standpoint of the N. P. which I represent, to have the operating expenses apportioned to the particular state in which the inquiry is made, by the same methods and in the same manner as I have reported them to the state of Washington. That is exactly what we are doing. You ask me if I would. No, I say that is exactly what we are doing, we are reporting them all on the same basis (St. 210).

In the division of operating revenues to Washington we first apportion the local revenues to the state, and then apportion certain other miscellaneous revenues such as those from switching, in a certain way (St. 211) and apportion the interstate freight revenues to Washington in the proportion which the mileage haul in Washington bears to the entire mileage of haul. That is true, except as to a small modification of L. C. L. traffic, which probably doesn't change the situation much, but on carload traffic we are dividing the revenue between states on the basis of the movement of the traffic, that is the mileage in Washington and the other states. We divide the interstate passenger revenue on relation of the passenger miles made by the individual passenger.

In computing the relative car miles operated in Washington as compared with the system, in my various exhibits I take the car miles actually operated in Washington and divide them by the total for the system, to get the percentage in Washington. In computing those car miles I com- [fol. 187] pute them only on a station to station movement, and take no account of the movements around in the terminals, in switching operations, etc. In computing relative ton miles hauled in Washington as compared with those hauled on the system, I also use a strictly station to station movement (St. 214). In that case I do not take into account the movements within the terminals. You ask if the same thing is true as to engine miles and locomotive miles. Well, it would not be true if you take the total locomotive miles, because locomotive miles "yard" would include terminal movements and the train switching, and the road haul would include the switching at the local points. But if you were to take in just what we call the principal locomotive miles, then of course it would be just a road haul proposition. We haven't used total locomotive mileage in the state apportionment. We have used car miles (St. 215). In apportioning operating expenses to Washington, I did use locomotive miles in certain instances. Total transportation service locomotive miles were used as to certain expenses, for instance in dividing superintendence, that of course would include the yard movements. When the allocations are made as to the D. P. W.'s report, it would be based on the total locomotive miles, that is total locomotive miles in transportation service, which would exclude work (St. 216) service. But it would include the yard service. Defend-

ant's counsel asks me what on earth any proportion of any such revenue has to do with that gross study except with that one exception of the factor. Nothing whatever except the tax situation. That would be an appreciable amount (St. 217). You ask if in apportioning interstate revenue to Washington, we apportioned on a mileage of haul pro rate. That is true as to each individual shipment with the small [fol. 188] qualification as to L. C. L. That I spoke of above. That is unimportant. In computing our relative mileage of haul upon each shipment, we take a station to station movement. You ask if I believe that revenues should be apportioned with some relation to the service rendered by the company in connction with their haulage. That is the theory behind the division on the basis of the haul. That is, that the revenues compensate for the service rendered. Where included in a line-haul charge, our total revenue from the entire shipment is supposed to cover our entire cost, plus a reasonable profit for the entire service line haul and switching and all the other services rendered by the company. Switching service on interstate shipments, where we do our own switching, is included in the rate that we charge (St. 218). We do not charge any additional sum for our switching service. You ask whether, in using a mileage prorate division of the interstate revenue, we do not consider only the line haul. That is a factor based on the line haul, yes. The company furnishes a large amount of service in connection with the movement of that traffic which is included in the tariff aside from the purely line haul (St. 220). You ask what services are rendered aside from the purely line haul. I will say that it includes the large expenses in connection with switching, also handling of freight at terminals for both classes of traffic, both intrastate and interstate. I would not say that that service is in no way reflected in the apportionment of that revenue on a relative mileage of haul basis. You ask in what respect it is reflected on interstate business. My answer would be that while it would appear that the division of the interstate revenue on the line haul would not make any provision for the so-called terminal expense, it must be remembered [fol. 189] that the line haul in each state is somewhat an important factor to consider, especially the transcontinental traffic, where a state such as Washington would get a very extended haul. In shipping a trainload of traffic from Seattle to St. Paul we traverse Idaho, Montana and North

Dakota. The cars of the commodities would be assembled at Auburn (St. 222). The through train would be longer than the assembling train. Auburn is a general consolidation point. The assembling of the cars into the originating trains would involve some switching, none of which would be reflected in the mileage prorate division. The mileage prorate would include the line haul only. None of this switching involved in the assembling of this trainload at Auburn would be reflected in any way by this relative mileage of haul factor, considering that factor by itself, but with the additional provision I made in previous statements. There is considerable mileage across the tate. When the train reaches St. Paul, then these various carloads are distributed to other points. That involves quite an expenditure for switching involved in terminal service expense. It is an appreciable part of the total amount of the expenses, these terminal services at each end, but not so important if you consider a line haul from St. Paul to Seattle (St. 224). There are a large amount of services rendered at both terminals which are more or less expensive services. But the importance of that service when measured by a haul from St. Paul to Seattle is not so important as it would seem offhand. It is not true that none of that terminal service of that trainload is included in Idaho, Montana or North Dakota. We can't run a train from Seattle to St. Paul without intermediate terminal handlings. You ask to what extent as compared with Seattle. That is an [fol. 190] operating matter. You ask how the expense connected with terminal service in the two terminal states, Washington and Minnesota, would compare with those in the intermediate states. I would say that Washington and Minnesota would exceed the other states. However the intermediate state may have some expenditures that are not actually measured by terminal expenditures. For instance, we have very adverse operating conditions in the state of Montana, and to some extent in Dakota and in Idaho, which might have a considerable bearing on the situation.

The N. P. reports to the regulatory bodies of Oregon and Wisconsin. The states of Wisconsin and Oregon have a considerably higher expense because of the short mileage in the state and the terminal operations in that state. In making its reports to the Wisconsin and Oregon regulatory bodies it used the same basis of allocation to the state as

it did the state of Washington (St. 227). The net revenue from operation in the state shows a deficit for the year 1933 for Wisconsin and Oregon. I know that has been true for a good many years. No, I would not say that the lines in Oregon and Wisconsin are not a valuable part of the N. P. system. You ask if that means that the N. P. is not actually making money from its railway operations in Wisconsin and Oregon. We are making money probably from the operations as a whole, but not necessarily from the operations in that state. It does not mean that the N. P. system would profit by having the portion of its system located in Oregon and Wisconsin eliminated (St. 228). It happens to be that we participate in the expense of the N. P. Terminal Company in Oregon, and in Wisconsin the Lake Superior Transfer Railway Company, and it is just [fol. 191] by that unfortunate circumstance that the expenses are exceedingly large. They are separate terminal companies. You ask if in Washington we bear all of the terminal expense by having our own terminal facilities. No. We share our terminal facilities here with other roads and thereby lessen our expenses to a great extent. You ask if, so far as its own terminal expenses are concerned, the N. P. does not bear them all itself. Well, we have no large terminal companies in Washington (St. 229) with the possible exception of the King Street passenger station. You ask what difference it makes whether we bear a portion of the expenses of an independent company in rendering the terminal service, or bear all of the terminal expenses in these various cities ourselves. Well, I would say that in the final analysis it would not make much difference. I do not know anything about the divisions of interline revenue as between the S. P. & S. and its subsidiaries and the N. P. and G. N. (St. 230). In concluding that these methods of apportioning operating expenses and revenues were proper methods, I did not take into consideration the divisions made between independent companies in interline shipments at all. You ask if I did not think that would have any bearing upon it. I can't see the effect on that. You say that I stated that in the apportionment of revenue no account was taken of the terminal service rendered. My statement was not exactly that nothing was considered beyond the mileage pro rate. My statement was that in using mileage we simply use the mileage with-

out considering yard mileage; that I only considered the line haul mileage (St. 231).

The expenses incident to all terminal services rendered within the state as to both interstate and intrastate traffic are all apportioned directly to the state. In addition to [fol. 192] actual operating expenses that are incident to the terminal services, the N. P. maintains large terminal facilities, such as docks, warehouses, yards, repair shops, depots, and so on in the larger cities of the state of Washington. The cost less depreciation of the N. P. railway operating property in both Seattle and Tacoma is a very large item (St. 232). It would also be rather an important item in other terminal cities such as Everett, Chehalis and Grays Harbor, but not, of course, as important as the larger points. It would be a considerable item in Spokane. The ad valorem taxes that are imposed in the state of Washington cover these extensive terminal properties in these larger cities, in all cities. You ask whether considering the direct apportionment of operating expenses to Washington, and in view of the large investment in terminal facilities in Washington, the mileage prorate apportionment of interstate revenues is fair to Washington. Yes, I think that portion is an adequate one, a fair one, having in mind the fact that it not only applies to the state of Washington, it applies equally to all states and is mandatory in the state of Minnesota, for the purpose of the gross earnings tax, and it is quite obvious to me that you cannot have one basis for one state and several other bases for several other states. It must be uniform (St. 233).

(The witness was then asked if he thought it would be adequate in the determination of what constitutes a fair rate of return on business located within the state. To this question defendant's counsel objected on the ground that it was immaterial; that it had nothing to do with rates. The court sustained the objection (St. 233). Whereupon the witness continued:)

You ask whether or not I think that as to a shipment between Spokane and St. Paul a mileage prorate division of the revenue would be fair to Washington. As applied [fol. 193] to the one shipment it might not be, but my idea is that it is fair to the one shipment when you consider that the offsetting features of the other traffic will prove

a balance wheel for the whole thing. That would be true of all shipments. I would consider that a mileage prorate division would be fair to Washington as to a single shipment from Yakima to St. Paul (St. 136). You ask if I can conceive of any shipment within the state of Washington to points east of St. Paul, for instance, in which the state of Washington would be entitled to less than a mileage prorate (St. 237). Well, that was the point I was making, that so much of the traffic would traverse the entire state, and would be compensating, and all the traffic, of course, would not move to St. Paul. The fact that we have both eastbound and westbound traffic is a compensating circumstance. You ask how that is. My thought was that the state of Washington, by reason of the long haul across the state would benefit to that extent by getting a larger prorate than they would ordinarily (St. 238).

The terminal study of June 3-9, 1934, was made from all the traffic handled, both intra and interstate. The reason is that we started the study, planned for it in June of 1934, and obviously could not go back to October of 1933 for the purpose of a test study of this nature, and therefore we immediately, after the court procedure here on May 20th, as I recall it, arranged for this study to be made in the month of June of 1934. And I will say this; in this connection, that I made a comparison of the week and the month of October of 1933 to June of 1934 (St. 239). I have made a study here as to the cost of engine hours at the various points, the number of cars handled, and the cars [fol. 194] handled per engine hour, and I find that the variation is so slight as to be negligible as to all of these points. In making the October, 1933, study, only intrastate cars were selected. You ask how we determined how many terminal services were required with respect to each of the cars for that particular week. We first developed for each of the ten terminals that we have discussed for the week of June 3rd to 9th, 1934, a cost per engine hour for handling traffic at that particular terminal. We then had the number of cars that we handled in the various classes of service as shown by the exhibit for the various points, and from that we determined the cost per loaded car of the various services that are common to the individual terminals. Then we traced through the cars of intrastate traffic, and (St. 240) determined from the actual record as to

what services would be accorded to those particular cars. You ask if that was as to each particular terminal. As to each particular terminal and each particular car, and each particular car was handled on its own merits and from that study, I might mention this, that we have a code for the various classes of services as shown by the exhibit. And the operative department was instructed to advise us as to the service for each particular car at the various large terminal points, having previously determined the cost of these various units, we then apply the individual cost units to the services performed, and in that way giving us the cost for the intrastate cars. That was our method of determining the cost of the switching service (St. 241).

The first computation on page 13, N. P. Exhibit "7" a determination of the relative car miles operated intrastate and interstate on the two divisions in Washington, Idaho [fol. 195] and Tacoma. The next study is the relative gross ton miles as apportioned between intra and interstate. It includes less than carload lots. In considering the intrastate here, we were confining this to account 101, which did not include the local business for the Northern Pacific Transport Company, and that interstate should probably be qualified to include the Northern Pacific Transport Company. The intrastate shown here refers to the Northern Pacific Transport Company as such (St. 242). The study as to wages of trainmen and enginemen referred to on page 13 is merely a summary of a very complete study made for the week of October 22, 1933. What we did was this: for the purpose of determining the relative movement of the traffic, we made a complete study for the week of October 22 to 28, 1933, in this way, we secured from the auditor of freight receipts a statement of all the revenue cars intrastate, the L. C. L. intrastate, and in that same week a very exhaustive study was made from the conductor's reports and of every train movement within the state of Washington, and we handled these train movements on their own merits; that is, we had, for instance, a run between certain points; we had there the per ton miles and the car miles and the gross ton miles, and we also secured from the time slips the actual wages in connection with that particular run, so that the summarization here is not merely the result of using all the Idaho and Tacoma (St. 243) division figures, it is the result of a very exhaustive and

detailed study of the one week as to each individual train run.

Referring to the first item: "freight car repairs," on page 14, N. P. Ex. "7," you ask why I chose a period of three years instead of choosing it for one year. Because [fol. 196] the average of three years is more accurate for freight car repairs. During the last year or so, particularly for 1933, because of the economic situation, carriers have necessarily had to defer a considerable amount of maintenance that would ordinarily be done, that is where it was not required for the strict (St. 244) operation of the railroad, and at the same time more fair to use a three-year basis for maintenance of freight cars than to use one year, because one year does not necessarily spell very much on those accounts. You ask how I know that in these other preceding years we had the same number of cars in operation that we did in the last year. Well, the freight car repairs is apportioned to the state of Washington on the basis of car miles, and if you take the average cost per car mile, the freight car repairs in Washington for the last three years, and apply that to the car miles that we ran in 1933 in Washington, you will find a figure that is, I think, slightly in excess of the one that we are now using for the three-year basis. You say that the total freight train car miles might have been considerably different for 1931 than for 1933. The number of freight car miles in the state of Washington that I have recorded here for 1931 was 72,756,000; in 1932, 55,130,000, and in 1933, 57,196,000. Now if you take the total expense that was accumulated for the state of Washington for the three years and divide by the total car miles, and multiply by the total car miles (St. 245) that we made in this particular week, which were 2.03% of the year's figures, as I recall it, you will find an amount that would somewhat exceed the amount that we show here for freight car repairs. I then take 1/52nd of that amount and reach a figure of $22,581.58 applicable to one week; and then apportion it as between intra and [fol. 197] interstate on the basis of $42.30, which is the relative car mileage.

Logs are a very low revenue-producing commodity. (St. 248). The various expense items on page 18, N. P. Ex. "7" are apportioned on a relative car mile basis (St. 249).

The N. P. is a creditor road so far as freight cars are

concerned, and I think it is largely true as to other equipment. It appears to be true in 1933 except insofar as passenger cars were concerned. The credit balance for freight cars is a very considerable amount. You ask who pays the expense of ordinary repairs to equipment when it is in the possession of foreign lines (St. 252). The user repairs are paid by the road that uses the car, but the general repairs are taken care of by the N. P. at some later date. In other words, when a car is given to a foreign company, the liability for repairs, except those for general repairs, rests with that company. The general repairs belong to the owning company. The general repairs means the important repairs. We compensate the foreign line making the repairs, for the repairs for which we are liable (St. 253) and for the repairs that they make for which they are liable, no compensation is made. Our system charge for maintenance of equipment includes repairs that we make on our own cars, and also such repairs that are made on foreign lines for which we become liable. This maintenance of equipment expense is apportioned to Washington on a car mileage basis. You ask if I believe that a fair method of apportioning such system maintenance of equipment expense, in view of the fact that we have more equipment than necessary for our own use (St. 254). That is a method prescribed by the Department of Public Works. [fol. 198] You ask if I justify it on that theory. Not necessarily, but I say that the theory is that the only measure we have of determining the relative repairs is the business done in the state.

Referring to page 19, N. P. Ex. "7", I have taken the three year average as to maintenance of way and structures. I did that exactly for the same reasons as I did maintenance of equipment expense. I do not believe a one-year average for maintenance of way is at all representative in connection with any study of this kind. If I had taken the one-year average the amount would have been lower, but that is not the reason I take the three years, because it is the customary basis of arriving at a fair average amount. If I had used the one year with respect to the repair account in maintenance of equipment it would have been lower. You ask what I know about the deferred maintenance on maintenance of way and structures. Nothing. That is purely an operating matter, and would have

to be discussed by the operating department entirely. The same answer applies as to deferred maintenance of equipment. I took the three-year average on my own initiative and not on the advice of any other officer (St. 260). I have included all the items of maintenance of ways and structures in one group on page 19. These expenses include the maintenance of the terminal facilities in Washington. These terminal facilities are maintained for the benefit of all the business the carrier handles, which, of course, would be the local intrastate business, of course (St. 261). You ask if, in my opinion the expense of maintaining the terminal facilities should not be apportioned to the system as a [fol. 199] whole and not localized to the states that happen to be the terminal states containing these particular terminals. That would hardly be the case in the state of Washington with the tremendous amount of intrastate traffic within the state. You ask if a certain portion of the cost of maintaining these terminal facilities should not be apportioned as a system expense, at least to the extent they are used for interstate business and the assembling and distribution of interstate traffic. No, I think that the present method is proper, because it allocates to each state the expense incurred in that state in conducting the business of the state. The N. P. has no terminal facilities in the bridge states, such as Idaho, Montana and North Dakota comparable with the terminal facilities, it has in Washington and Minnesota. That is admitted. Wisconsin has quite a bit of terminal expense there because of the nature of the lake traffic (St. 262). The traffic in Montana and Idaho and North Dakota receives considerable amount of benefit from the terminal facilities supplied in Washington, Wisconsin and Minnesota, and likewise the business in Washington receives a benefit from the terminal situation in the two states, and in Duluth. You ask if a portion of that expense of maintaining terminal facilities in Washington, Wisconsin and Minnesota should not be apportioned to the middle, or bridge states. No, I don't think so. I would not say that would be so. For instance, it might well be that because of some peculiarities in the terminals that the expense of maintenance in that particular terminal was rather high, and in that event that would be a disability of that terminal, as I see it, and not an entire line care. (St. 263). Having in mind the situation in Washington as to the intrastate traffic, I think that for the purpose of

[fol. 200] determining the true net earnings in a terminal state such as (St. 263) Washington, all of the expenses connected with the maintenance of those terminals should be apportioned to the terminal state.

I apportioned traffic expense between the intrastate and interstate on the basis of the tons of revenue freight handled. In making this study we have made no attempt to assign any higher costs for repairs to log freight cars than for traffic generally (St. 264).

Referring to N. P. Ex. "7" page 1: "Gross operating revenue" means "railway operating revenue"; "operating expenses" means "railway operating expenses". Net revenue from railway operations is determined by subtracting line 2 from line one (St. 278).

Referring to page 2: The net amount of joint facility rent income in the state of Washington for 1933 is the difference between the account 508, joint facility rent income and 541, joint facility rents, is a net credit of $1,355,064, as applying to the state of Washington for the year 1933. That is the amount we received less the amount we paid out. That is merely the proportion of the amount received from the tenant lines as the rental feature of the joint facility arrangement. We refer to these companies that use our tracks as tenant companies. The larger part of these revenues from joint facilities are received on the line between Seattle and Portland. Between Seattle and Tacoma our line is used jointly with ourselves and the G. N. Between Tacoma and Vancouver the line is used jointly by ourselves and the G. N. and the O. W. My impression is that the rent paid by the G. N. includes the Tacoma passenger station. The rentals we receive for the line between Tacoma and Vancouver are the rentals by the G. N. and the O. W. for the use by those companies of that trackage. When we entered into those rental agreements, there was some improvement made as the result of this joint arrange-
[fol. 201] ment. I know that to be a fact. Under these rental agreements the tenant line first pays a certain return based on the cost of the line plus the improvements to it for the use of the facility. That is the rental feature. Then in addition to that the tenant line pays a certain proportion of the expenses of maintenance and operation of the line (St. 280). The real basis, of course, so far as the

maintenance and operation is concerned, is on the basis of the movement of the traffic, the cars and locomotives handled, but the joint facility rent is not on that basis. It is on a fixed basis. The costs borne by the tenant companies, the O. W. and G. N., as to the line between Seattle and Vancouver, includes the payment by those tenant companies of a certain proportion of the N. P.'s ad valorem taxes imposed on that particular portion of its line (St. 281). I have taken no account of the amount of contribution by those tenant companies in any way in computing the N. P. taxes chargeable to its operations in the state of Washington as to intrastate business for the year 1933 in N. P. Ex. "7". The taxes as shown are the taxes that were assessed against the N. P. by the State Board of Equalization. Our position is that those taxes that you speak of would be really a part of the rental (St. 282). We are allowing a credit in our exhibit for the amount the two tenant lines pay toward the maintenance of the road. We have allowed a credit for that as maintenance and structures and part of the transportation. You ask why it too is not treated as part of the rentals. Because we consider the taxes there as distinct from the operating expenses. You ask if the use the N. P. has of this particular line is not sufficient for its operations as a railroad in both intra and interstate (St. 283). I think the facilities are ample under present traffic conditions (St. 284). I want [fol. 202] to make it clear that the amount received in this connection as taxes and rental bills is credited to account 508, joint facility rent income, and was included in our accounts (St. 285). The taxes are included in the amount of $1,355,064 shown as joint facility rent income on page 8, N. P. Ex. "7". But they are not included in the statement on the first page of that exhibit in which I purport to show your railway operating income within the state of Washington in any way, shape or manner (St. 286).

In my computations in N. P. Ex. "7", page 7, I have apportioned taxes between interstate and intrastate operations in the state of Washington for 1933 according to the relative revenues received from each (St. 286).

(At this point counsel for plaintiff read into the record the following provision of the joint user contract between the N. P. and the G. N. (St. 287-8):

"Section 2, the Northern Company will also pay such pro rata proportion of the cost actually incurred by the Pacific Company in the maintenance and operation of the property (which cost shall include insurance and taxes, and a just sum to cover the cost of superintendence and management) as the number of miles of said railway or any part thereof run by engines and cars in its trains bears to the whole number of miles run by engines and cars in the trains of all of the parties using the same or any part thereof; each engine and tender shall be counted as two cars. All movements of engines and cars shall be considered as 'trains' within the meaning of this paragraph" (St. 288).

It was agreed between counsel that by "Northern Company" was meant the Great Northern Railway Company and by "Pacific Company" was meant the Northern Pacific Railway Company. It was further agreed that the joint user contract between the O. W. and the N. P. contained the same clause (St. 288). Counsel for defendant then read into the record from section One of the same contract [fol. 203] between the N. Y. and G. N. as follows:

"The Northern Company will pay for the rights and privileges herein granted the sum of $325,000 per annum in twelve equal monthly installments" (St. 289).

(The witness was then asked if the fact of the payment of these taxes by these tenant lines did not reduce the taxes of the N. P. upon those lines. Counsel for defendant objected thereto as follows: "I object to that, because the property is valued in view of that very thing and increases our taxes. This joint line is valued higher than any other single track main line, and the very fact that they do use it increases the assessed value. * * * It is a double track main line * * *" (St. 289-290). Thereupon the Court stated that he supposed that the amount of taxes paid by the tenant companies was shown in some tabulation, to which counsel for plaintiff answered: "We did not think it important enough to show it, but we will have it here. It won't affect our exhibit" (St. 292). Whereupon the witness continued:)

Referring to page 4, N. P. Ex. "7": I switched over $369,000 plus from intrastate to interstate. I applied the

operating ratio found as to intrastate business to this to determine the proper amount of reduction of intrastate operating expenses by reason of an exclusion of revenue from foreign commerce. We did this on the theory that we are merely seeking to eliminate the amount that has been included, and therefore the proper measure appears to be to take it out on the same basis as it went in. We took this into account in making out computations for the test week. We had been considering it intrastate, in our accounts for 1933, and it was so reported to the D. P. W. as intrastate, and was considered in our test study (St. 296). [fol. 204] The passenger operating expenses are shown on page 11, N. P. Ex. "7." $429,635 (as shown on page 7, 5th line) is all the revenue from intrastate passenger service in Washington for 1933. But we have charged against that a grand total of $1,500,000 in expenses for hauling that local business. In other words, for every dollar the N. P. takes in, in intrastate passenger traffic in Washington, it pays out quite a little better than three dollars (St. 304-5). It is something over twice the amount on interstate. It is my best recollection that the passenger operating ratio for the system is about 200, the Washington interstate was about 200 and the Washington intrastate about 300. This computation is made on page 11 of Ex. "7." The total passenger operating expenses for the year for both intra and interstate I found to be $3,142,708. We use relative passenger miles as the basis of division of that expense as between intra and interstate. The revenue is available, but it is not to be considered (St. 306) a proper method to use. You ask why not. Because the service not being expressly connected up with the revenue in that way, that is taking the total passenger revenue. You ask if it is not a fact that in making my computation I am taking into consideration only the revenues received from passengers on the back end of the train. Yes, that is true. The revenue for mail and express is classed as interstate traffic. You ask if it is not a fact that in making my apportionment I wholly ignore the revenue the N. P. received from mail and express and other items, other than the bare receipts from passenger fares. Well, it is based strictly on the passenger miles as shown. You ask if it is not a fact that the two daily trains running from Seattle to Grays Harbor carry

[fol. 205] scarcely any passengers at all. It is true that the passenger service is somewhat limited in that case. You ask if that service is not maintained practically exclusively for the purpose of hauling express and mail. I am not familiar with that detail (St. 307). You ask if it would be proper to compute the equivalent of revenue passenger miles with respect to express and mail, and add those into the computation to determine what the apportionment should be as between intrastate passengers expenses and interstate passenger expenses. I presume it could be considered. Of course the use of the passenger miles does not give consideration except to the particular passenger feature of it; that is admitted (St. 308). The item apportioned to interstate traffic in our report to the D. P. W. under account No. 106 (mail) is $332,000 plus. That is more than the total amount of passengers revenue from passengers hauled under account No. 102, intrastate passengers. And it is a little more than 70% of the total revenues received from interstate passengers. The total revenue we received from express is $130,000. Of course there is another feature about that, too, and that is that there is a difference in the haul of the interstate and intrastate passengers, and also giving some consideration to the possible excess cost of the local business over the interstate business. Under this plan of ours we are simply taking the total and assuming the expense to be pro rata. You ask whether, in view of the fact that in taking the relative passenger miles I wholly ignore this something over $700,000 in passenger service revenues received in interstate, and the only other factor available being relative revenues received from the two services, it would not be more fair [fol. 206] to the state of Washington to apportion these expenses upon the basis of relative revenues received from the two services. I think some consideration should be given to the matter of the additional revenue of mail and express in that computation. I have not done it in this computation.

Referring to G. N. Ex. "7", page 7: The total ad valorem taxes imposed on the N. P. operating property in Washington is indicated as $2,005,015. I compare that figure with the gross operating revenues for Washington for 1933, of $12,000,000 plus, and find the ratio of taxes to

evenue to be 16.618. That $12,000,000 plus includes both intra and interstate revenues within the state. In arriving at the interstate revenues, both freight and passenger, I apportion revenues on a mileage basis. If, as a matter of fact, the state of Washington was equitably entitled to a greater proportion of the interstate revenues than a mileage pro rata, then that item of $12,000,000 plus would be correspondingly increased. And the fraction of 16.618 would be correspondingly reduced. And if, as a matter of fact, instead of charging against the total operations of the N. P. in the state of Washington, the total amount of taxes imposed for the year 1933 upon its operating property, you should have deducted from the total amount that proportion of the (St. 311) taxes payable by the tenant lines, then that figure of $2,000,000 plus as the taxes on operating property would be correspondingly reduced by that amount of such contribution by the tenant companies. And in that event the ratio of taxes to revenue would be correspondingly reduced. And the ultimate figure would be correspondingly less as a charge to taxes to the state of Washington. I have charged the total filing fee of 1/10th of 1% to intrastate operations. You ask if I have done this on the theory that it is imposed for the purpose of [fol. 207] regulating intrastate business. Well, that is the theory upon which the tax is paid. That is, it is the theory upon which that charge is made, yes (St. 312). The taxes imposed on the N. P. property includes the taxes imposed upon the terminal facilities afforded for the assembling and distributing of interstate and intrastate traffic within the state. The amount of operating property within the state subject to taxation is largely increased and augmented by the fact that the company must take care of distributing and assmbling traffic in the state of Washington on interstate shipments. You ask if these terminal facilities upon which these taxes are imposed is not a benefit not only to the operation of the N. P. system in Washington, but also to the bridge states through which the interstate traffic passes and which have no corresponding terminal facilities such as Idaho, Montana and North Dakota. Well, it is a benefit in a certain way, in that the traffic (St. 313) originates in the west and goes to the east, or vice versa, but we must not overlook the fact of the large expense that we have at the other end of the line in Minnesota, for instance, or Wisconsin. You ask whether, as a matter of

fact, to the extent which these taxes are imposed upon these terminal properties, the taxes should be treated as a system expense rather than as a local expense. No, sir (St. 314).

The taxes that have been charged are the taxes levied for 1933, payable in 1934. My best opinion was that there was a possible reduction contemplated of about $30,000, in round figures. You ask if that reduction has not already been made. Well, that deduction has not been made in these particular figures. The figures I am quoting, and as I stated in my direct testimony, of $2,005,000, is the amount as appearing as a tax assessment, but there is [fol. 208] $32,000, Mr. Smith's exact figures—that is under question at the present time. You ask if I did not mean it was under question at the time I prepared these figures. At the present time, I understand (St. 315). We don't know what credit should be applied, or we would have applied it.

You ask if I ever had any conversation with any members of the D. P. W. as to the propriety of apportioning revenues and expenses in the manner we do in making our reports to the state of Washington. Why, I had no conversation with any members of the Department. I said in my direct testimony that as far as I know or have any knowledge, and I would know if there was any, that there has been no objection, formal objection placed by the Department as to the use of our present method. As a matter of fact, I might state that we have inserted in our annual report for the last 8 or 9 years, possibly, this information as to our method, and called attention to it on the schedule 710, railway operating revenues. We have particularly called attention (St. 316) to the note on page 707 regarding our method of apportionment. You ask whether, in making this study during the test week in 1933, I took into account the empty car movement. Well, in this way—yes, we did—we dealt with all the car mileage, but we took the coal and log movements, on account of their 100% empty movement, and considered that as lost. On the balance of the traffic we assumed, after discussing with our operating people, that there would be no greater empty movement on the intrastate traffic than there would be on the interstate, after eliminating the coal and logs. Therefore, I applied the same ratio of empty movement to the intrastate as to the

interstate, excluding the logs and coal as referred to. The [fol. 209] empty movement was a matter of absolute record. We had the empty car miles. That was a matter of record. Taking just the loaded and empty cars in Washington, the percentage was about 45% for the empty movement to the loaded. It seems to be about 50% for the system, slightly less than Washington; very slightly. I gave 100% credit in my computations to empty car movements on logs and coal, and then I assumed that the balance was the same as the average for the state on the balance of the traffic on intra and interstate. I think that is very favorable to the intrastate traffic. The log movements are heavy, and the coal was a considerable item (St. 318). I deducted the coal and logs from the figure before I figured this percentage, of course, obviously. In other words, from this study I took out the coal and the logs from both the loaded cars and the empty cars and arrived at a percentage, leaving out that traffic, both intra and interstate, and then figured the relationship on the balance of the traffic (St. 323).

You ask how, in 1933, I apportioned revenues on commodities moving in and out of transit on interstate business. In 1933 the revenue would be considered from the point of origin to the milling in transit point as intrastate, and would be allowed to stand as such. When the shipment was billed out from the milling in transit point to the destination, if it were within the state it would, of course, be intrastate, but if it (St. 323) went beyond the state line it would be interstate. We apportioned the revenue including the penalty on the mileage prorate, even though the penalty was incurred in Washington; even though on interstate traffic the service was rendered especially within the state of Washington (St. 324).

(In answer to question propounded by defendant's [fol. 210] counsel:) The United States government loaned the N. P. $1,200,000 (St. 325). The loan was authorized by the P. W. A., as I recall it, nearly a year ago, or some months ago at least, but I am informed it just received the loan (St. 326).

On redirect examination he further testified as follows:

(The witness was asked what amount of the mail and express revenue now apportioned by the N. P. to inter-

state business, would be assignable to Washington if he credited such revenue on the relation of the other passenger train revenue. To this question plaintiff's counsel objected on the ground that the N. P.'s report to the D. P. W. showed that all that revenue is apportioned to interstate business, and it could not now attempt to apportion that revenue in some other way. The objection was overruled (St. 335). Whereupon the witness testified:)

If we were to apportion the mail and express revenue accounts 106 and 107 as shown as interstate for the state of Washington in the year 1913, amounting to $463,485 on the relation of passenger revenue, account 102, as applying to Washington intra and interstate filed, the result would be an allocation to intrastate of $197,769. You ask if the D. P. W. has ever undertaken to classify in its reports what revenue is state and what is interstate (St. 335). Well, unless we consider that order which I showed you of 1914. You ask if heretofore this question as to the assignment of revenue from mail or express has ever become of any consequence. No, it has not in a strict sense. The main reason why no separation has been made, because of the practical impossibility of so doing. The nearest attempt that could be made in the case of mail would perhaps be the question [fol. 211] of whether it was carried on local trains. It would be an almost impossible task to make any real separation as to the class of mail. And I think that has been the governing factor in not attempting a separation. We have no records as to whether mail is intrastate or interstate (St. 336). Those are government records. Now as defendant's counsel state, it has not become a decided issue, but I don't think that is the reason why it was reported as interstate, because we have attempted to make, as we thought, the best possible separation at the time according to the requirements. You ask whether, if any assignment is to be made of mail revenues to the state, the revenue factor is a correct one to be used. I think it is entirely too favorable to the intrastate traffic, having in mind the amount of interstate business carried, but in any event I think that factor is a fair one to use. All I am doing is simply assume that the same percentage of mail was local as for passenger revenue. You ask if as a matter of fact it might not be nearly all interstate, if you had the record.

Well, in a state as large as Washington there would be considerable intrastate, of course.

On recross-examination, he further testified as follows:

Our revenue account with the state is shown on page 700 of our report to the D. P. W. for 1933. In our computations in N. P. Ex. "7" we treat as revenues from passenger service all of the following accounts: 102 passenger, 103 excess baggage, account 104 sleeping car, 105 parlor and chair cars, 108 other passenger train revenue. Mail is not included as intrastate. It is all included as interstate (St. 340). Acct. 106, mail, is classified entirely as passenger, 107 express is classified as passenger, 108 other [fol. 212] passenger trains is classified as passenger, 109 milk is classified as passenger. Acct. 111, special service train, is partial. You ask me to separate those between the ones in which we apportion all of the account to passenger first. Well, 131 dining and buffet service, and 133 station, train and boat privileges; 134 parcel room; 136 storage baggage. Those are the only items that are directly in passenger. You ask if we do not apportion a part of some other accounts to passenger also. Well, you understand that we do not report these items to freight and passenger except as we report intra and interstate to the state, and we do not make this separation of freight and passenger except that we do make the report to the Interstate Commerce Commission of those items that are directly freight and passenger, and those that are common to both services, and in this instance we had to make some separation of the miscellaneous items, of course. You ask what other accounts I considered in apportioning my passenger revenue (St. 341). I did not do this personally, but my recollection is that we used the basis of the revenues as assigned, and used that for dividing the accounts that could not be directly assigned to freight or passenger. After consulting with Mr. Gregory I find it was done that way. We took the total of the directly assigned revenues freight and passenger and used that as the basis for dividing the few items that were not allocated (St. 342). We took this same basis of allocation, freight and passenger, as we used for the I. C. C., and then the amounts that we could not divide we used the ratio of the amounts that we had allocated. That

is the customary basis. I mean that we found the amounts of these accounts 102 to 109 and 131 to 134 and 136, and [fol. 213] allocated those directly, and we also allocated directly to freight those accounts that fall under that classification, and then the items that did not fall under freight and passenger were divided between freight and passenger on the basis of the total of the directly assigned items (St. 343).

I can give the exact accounts on the freight the same as I did on the passenger. Freight includes all of 101 "freight"; all of 110 "switching"; all of 1935 storage of freight, all of 137 demurrage. Now there are the localised items on the freight, and I have given you the passengers items. Those are all local. Then I took the relation between the sum of the first items directly apportionable to passenger and the sum of those directly apportionable to freight as I have named them and apportioned certain other items in (St. 344) proportion to that revenue. The items I so apportioned are: 111, special service train; 138, telegraph and telephone; 142, —; 138 is telegraph and telephone; 142 is rents of buildings and other property; 143 miscellaneous; 151 and 152 joint facility debit. Acct. 132, hotel- and restaurants (St. 345), was divided on the basis of the relative freight operating expenses as shown for that same account in the state of Washington. We apportioned that revenue as between freight and passenger on the same basis as hotels and restaurants account 132 in the state of Washington. Page 707 of our report to the D. P. W. is divided between freight and passenger (St. 346). You ask me to refer to the rules of the D. P. W. in regard to the method of reporting revenues and expenses, and ask whether or not there is a requirement on mail revenues and express revenues, that they be apportioned between interstate and intrastate business—That is correct, yes. We don't follow [fol. 214] that rule when we make out our reports. You ask whether, if we did follow it, we apportioned them all to interstate. We apportion all the mail and express revenues to interstate traffic, yes. You say: presumably whoever prepared these reports to the D. P. W. followed these instructions. No, the reports to the D. P. W. are made up and the plan is made for all the various states, and this is not being followed literally in making the reports. You ask if there are any other things that we disregard except

this particular requirement in regard to the apportionment of mail and express revenue. Well, there are some deviations in the matter of the operating expenses also. I can't tell what they are without an exhaustive study, no, I can't (St. 347).

(Counsel for plaintiff then read into the record the following provisions from page 12 of the rules of the Public Service Commission of Washington prescribed by resolution adopted December 31, 1914, and handed to him by Mr. Peterson:

"Mail revenue. Accounts 106 and 125. Locate to state all revenue derived from mail routes local to the state and a proportion of interstate mail routes based on operating mileage for each such route within and without the state."

"Express revenue. Accounts 107 and 126. If possible locate to state all revenue derived from express lines wholly within the state; otherwise assign to states on basis of operating mileage prorata on lines from which revenue is derived" (St. 348).

The witness then continued:)

I would like to make this point clear in connection with that book that you are offering there, that that book has not been referred to in any of the annual reports as being the method to be used. I don't know, it reached my hands only a few years ago, and I do not know in what way it was received, whether as a matter of information or discussion, or whether it was made final, but I do know that there are no requirements in the annual report that the report shall [fol. 215] be on this basis. The blanks in the form of report that is furnished the N. P. by the D. P. W. provides for the reporting of the revenues intra and interstate (St. 348). And it seems to me if there had been any occasion the question would have been raised by the Department as to why there was no reporting on that figure under intrastate and the proper adjustment made. As a matter of fact, I do not know how official that has been made. I got it as a matter of information. But as I state, the report to the D. P. W. makes no reference to this publication. We explain on page 707 how our figures are arrived at, and the figures have been set out in detail by account and no comment has been made by the state.

You asked if, as a matter of fact, it is impossible to make any apportionment of mail and express. It is, unless you consider that the mail that moves on local trains is intrastate mail. That is the only way. That is not used. You ask if you can safely assume that. No, I can't assume it, it is a false assumption. You say that I said this morning that I might apportion it by relative passenger miles, intra and interstate. (St. 349). No, sir, I did not. Well, I did say this, that in the matter of that express revenue, that if we were to concede that it should be included, and we were to apportion to the state of Washington intrastate this movement, that would apply on the basis of the relation to the intra and interstate passenger revenues, account 102, that on that basis the assignment to the state of Washington intrastate would be $190,000 odd. You ask if I concede that it is a proper basis of apportionment. I think it is entirely too favorable to intrastate, myself. You ask whether it has any relation, whether favorable or un- [fol. 216] favorable, to the amount of the express and mail upon the trains, whether the passengers hauled are interstate or intrastate. I was referring to the revenue from passenger business and not the passenger haul. You ask if the relative amount of intrastate and interstate express or mail on a given train have any relation whatever with respect to the relative number of intrastate and interstate revenue passengers upon that train (St. 350). Well, it has indirectly. If you have a road with a large amount of passenger revenue, it is fair to assume that the mail and express element will run somewhat in proportion (St. 351). You ask if there would not be likely to be a greater number of passengers upon the local trains such as the Grays Harbor train of interstate passengers than of local passengers. That is a question to be determined (St. 351). It is purely speculative. You ask why this relation is reasonable for the apportionment of revenues in this way. The operating expenses have been divided on the basis of the units of passenger revenue, that is the passenger miles, and we are assuming now that we have to make a reduction of that on the basis of this relation figure of passenger revenue which ought to be in accord with the (St. 352) passenger miles. Now we having charged operating expense in this computation on the basis of the relative intra and interstate passenger miles, which corresponds indirectly with

the revenue, it would seem only fair that a similar basis should be used in applying the credit for the revenue on the mail and express. In other words, we are trying to be fairly consistent in the matter. You ask if I am not trying to be consistent with my former method of apportioning the expense between intrastate and interstate. As consistent with the facts as we can. You ask if the reason [fol. 217] I say it is reasonable and a fair method is because it must be consistent with my apportionment of expense as between intrastate and interstate. No, sir, we made the apportionment of intra and interstate on the basis of the best available information, which was the passenger miles, and that corresponds very clearly to the number of passengers carried in relationship, and also the average haul of the intra and interstate passengers is not very dissimilar. Now having done that, and we are proceeding to allow a proportion of the mail and express revenue (St. 353), it does not seem unfair that the same general basis be used in applying that credit as was adopted in applying the other. You ask me to tell you what the reasonable relation is between the number of intra and interstate passengers upon a given train and the amount of interstate and intrastate mail hauled upon that train. Well, it is a difficult situation, and we are trying in this submission to be as fair as possible with the facts that are available. I do not say that it can be exactly classified on the basis of the passenger revenue, it is seemingly the best information. That is all I can say about it, and the only justification I can make (St. 354).

The percentage of empty to loaded cars in the case of intrastate for 1933 I found to be 55.49, and the interstate was 41.12. The 55.49 included all of the coal and logging. We do not report the percentage of empties with respect to intrastate operations to the D. P. W. I arrived at this proportion in this manner: We had the loaded car miles for traffic intrastate and interstate, which included logs and coal. Likewise we (St. 358) had the empty car miles which included, of course, the movement of the empties of coal and logs. They were both eliminated from the respective items. That is, we reduced the loaded car miles and reduced the empty car miles and figured the relationship on the balance, and then we included 100% for the [fol. 218] coal and log cars both for inter and intrastate to

give effect to that excess empty movement. You ask if that would not tend to indicate that the N. P.'s operating ratio on interstate ought to be lower to that extent than its operating ratio as to intrastate. Not necessarily. That is one of the factors, of course, is the matter of the empty haul, but there may be other factors offsetting. You ask if I think the operating ratio as to interstate would be higher or lower than as to the intrastate. I think they would be higher for this reason, that the revenue from local traffic, of course, carries a higher rate per ton mile than does the interstate. For instance, in 1933 the ratio of the per ton mile rate of intrastate traffic was 37% higher than the same figure for interstate traffic. That is due to the shortness of the haul. It does not necessarily mean (St. 359) a greater revenue, but the haul is shorter, and it has a tendency to effect the per ton rate (St. 360).

You ask if I can mention any other factors which would tend to make the interstate factor higher than the intrastate, aside from the difference in revenue per ton mile. Well, I don't want to get into traffic matters, but of (363) course there might be the matter of the rates on the traffic. It might also be in the volume of traffic. In Washington our volume of traffic on intrastate is very heavy in the matter of tons, about 60 some per cent of the total tonnage in the state. Logs is a very important factor; about 2,000,000 tons. You ask if I can think of anything in relation to logs that would tend to make it higher. No, I was speaking of the volume of traffic generally; not logs, but the volume of interstate traffic, as compared with intrastate. You ask whether it is not my honest opinion that the reason why the N. P's operating ratio, with respect to interstate operation, [fol. 219] would be so much higher than I find the operating ratio as to intrastate to be is because that exhibit gives its operation too much expense to Washington or its operation not enough revenue to Washington. No, I don't think so; I don't think so (St. 364).

On further redirect examintion, he further testified as follows:

I would like to say this, that the operating ratio for the state of Washington for the year 1933 was 92.38%, as shown in the report, compared with the ratio of 90.98% as developed in this present study, and I think that is very

favorable to the intrastate traffic, in that particular way. The amount of 1933 taxes in Washington chargeable to other roads under joint facility contracts aggregates $237,299.33, the total amount of the taxes on operating property as assessed for the year 1933 were as shown by Exhibit "7", page 7, $2,005,015 (St. 366). Now, we realize that in account 501, joint facility rents, there are certain charges made against N. P. for other taxes that we have to pay other lines. I don't know what they are, but I have wired for that information as well as the credit.

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W. W. JUDSON, called and sworn as a witness on behalf of the defendant, testified as follows:

I am assistant to the general manager of the N. P. I am in the operating department and have been for 20 years. I took part in the work that Mr. Peterson has testified to. You ask what part I took. At the time that they were ready to commence the gathering of the data for the case I had conferences with Mr. Peterson. He made certain requests of me for information, and we found that in our regular, normal routine of work the records were not kept in [fol. 220] such a manner as to give him the information which he required. So it was decided that it was necessary to run what we call a test week in the yards to determine the information which he requested. This relates to the terminal study in June (St. 733). After having a thorough understanding with Mr. Peterson as to what he required, we set the machinery in motion in all our yards to obtain this. You ask what the data was that he required, and whether I have a copy of it. Some of them were typewritten and some were printed. We made printed forms. Defendant's exhibit "14" is the form for the Seattle yard.

(Whereupon said exhibit was received in evidence as an example of 200 of the forms used in the Seattle yard in compiling this terminal study (St. 74-5). The witness then continued:)

This form was sent out with the instructions as to how to fill it out. On the front of the form there are given some 37 code numbers for different movements in the yard. Each code number represents a certain kind of movement in the

Seattle yard. It was sent to the superintendent of the 2 divisions, and in turn given to the yard masters, who furnished it to the yard foreman on each shift as they went to work. You ask how many men were involved in the preparation of each one of these forms in the Seattle Yard. Well, in Seattle here I could not say. There was about 150 men in the state involved in this. In order to prove each one of these movements from which these exhibits are made up, it would take for this terminal study alone 150 men, considering the car record that went with it (St. 75). He filled in this information called for on the front of the form and put it on the back of the (St. 75) form number. As he performed this work at the finish of any particular class of work as outlined in the code, he showed the time and entered the work and the time he completed the work with the code number and any remarks that would identify [fol. 221] —further identify special work within the code. That is the only way we could think of at these conferences, and it is the only way that I know of to get any kind of figure on such a cost. Those employees did that in the course of their duty and under the instruction of their superior. I have had 6 years of experience in the operating department, as special assistant to the vice president, as train master, and now assistant to the general manager. Before that I was assistant engineer in the engineering department. I am familiar, generally, with the method in which the N. P. has operated in Washington (St. 76). I am familiar with the local business and the interstate business and the peculiarities of each kind of business. You ask me to state whether in my opinion the local business is more expense per unit of freight than the interstate business, and if so to give my reason in full. Why, in any and all investigations that we have had occasion to make we have determined that the cost of intrastate business is, generally speaking, greater than the cost of interstate business. That is due to several causes. The haul is shorter, the terminal handlings are greater, which in turn produces a greater damage to the equipment, and a substantial part of the intrasfate business is the log traffic which has peculiarities which make the cost greater than the interstate business (St. 77). The damage to the log equipment is very excessive due to the nature of the commodity and the man-

ner of handling it. The length of haul in log traffic is short even as compared with other intrastate business. The classification in the yard in connection with the log traffic is much greater than the average intrastate business. All of our log business at the present time is intrastate business. You ask as to the relative tonnages in the local and interstate through trains. Well, our main line trains, of course, are a great deal more tonnage, the main line tonnage which handles the predominance of the interstate [fol. 222] business are of greater tonnage than our branch lines which handle the greatest amount of intrastate business. The car and engine miles per day are less for the local trains, but I don't know just in what percentage. With the exception of Wenatchee, the N. P. serves the principal cities and towns in Washington (St. 78). In my opinion it is economically managed and operated. There is no doubt but that it performs a necessary public service for the people of the state of Washington.

On cross-examination he further testified as follows:

I don't know whether I can say offhand what the average haul of log movements is. Our greatest movement at the present time is about 18 miles (St. 79). By that I mean our greatest volume at the present time is about 18 miles. In one particular case, logs are moved in whole train-loads. We have one movement that is practically solely in log trains (St. 80). The main line trains have both classes of traffic, local and interstate. Practically every train, I would say, at the present time, the way business is now being handled (St. 81). A large portion of interstate traffic is handled by the light load trains on the branch lines, mingled with intrastate in those cases too. You ask if then inter and intrastate business or tonnage is not commingled to the same extent on the branch lines as on the main line trains. Well, I have no figure to show that, but I would think that probably there was a greater preponderance of intrastate business on the branch lines. It would naturally follow that there would be. You ask why that would be. Well, the shipments between the towns on the branches are feeders to the main line, and they are just as productive of revenue as other towns on the main line, and there are more of them (St. 82). I do not know of my own knowledge whether there is more interstate or more intrastate ton-

[fol. 223] nage on the branch line trains than on the main line trains. I have no figures.

A ton of interstate freight has to be handled twice; at the beginning of the haul and at the end of the haul. The same is true of a carload of intrastate freight. The car has to be handled twice, at the beginning and the end. You ask how many switching movements we have to make of a carload of interstate freight originating at South Bend and moving to St. Paul. Five, generally, in the normal movement. All of the eastern Washington wheat that is handled via the S. P. & S. to Portland points and Astoria, that is all interstate. Such wheat is handled out of Pasco on the main line train of the S. P. & S. If it originates on the N. P. Walla Walla branch it is handled into Pasco on a branch line train. You have some main line movement of wheat into Pasco that goes to Portland over the S. P. & S (St. 84). It comes from east of Pasco. You ask if the great bulk of it is not otherwise. I don't know what the proportion is (St. 85). As to a carload of freight moving between Vancouver or New Westminister and a point on the N. P. east of Washington, there would be normally 4 switching movements (St. 87). They would be at Auburn, Yakima, Pasco and Spokane. As to a carload of freight moving from Longview, to Vancouver, thence via the S. P. & S. to Pasco or Spokane, thence via the N. P. to a point east of Washington, there would be one switching movement at Longview, one at Vancouver, one at Pasco and one at Spokane. There is not a large volume of that business right now. It does not all move that way. Lumber reaching the main line north of Chehalis and Centralia moves via Auburn normally. A car coming into Chehalis on the C. C. & C. and moving east of Washington would have five switching movements: Tacoma, Auburn, Yakimo, Pasco and Spokane, and a pick-up movement at Chehalis. I am speaking about nor-
[fol. 224] mal movements. In many cases these cars at these terminals are so located in the train that they are not touched in these trains. On other cars they are blocked out at certain terminals. It may or may not be rehandled at those terminals, depending on the consist of the train (St. 89). We have no through trains at the present time that move in their entirety across the state. By moving in blocks, I mean several cars in one group, that may pass through one terminal without being touched, and the work done on that terminal might be done on terminals either be-

hand or ahead of that block. To divide the actual movement of the cars throughout a portion of the year I would have to follow each carload to see exactly what various switching operations were performed in connection with it (St. 90). We made no study to find out how many switching movements were involved as to each particular car of interstate freight across the state. Nor did we in regard to intrastate freight (St. 91). The study in June, 1934, was merely for the purpose of determining the cost, the average cost of switching in these various terminals per loaded car. I did not make any study to find out the cost of switching the empty cars. I gave no instructions relative to the switching costs of empty cars (St. 92). You may move a car into a siding and it is unloaded there, and the same car is filled again right there. I would not say this was uncommon. It is not true of lumber or logging traffic. I do not know what the percentage of empty car movement as compared with loaded car movement in intrastate business in the state is, as compared with interstate business. I would say that the hauling of empty cars in connection with the haulage of traffic is an important part of the expense (St. 93).

On further direct examination he further testified as follows:

I am the operating official who handled this work which [fol. 225] Mr. Peterson testified to. You ask me to state what I did. As soon as the request was made on us for this information we quickly determined it couldn't be made by estimation, so we took the basic data that Mr. Peterson gave us and turned it over to our division staff and under my direction they set up a theoretical operating condition, including yard men, superintendent and so forth, of how this business would move if the intrastate business was eliminated. It was followed through each day, considering the tonnage and the time of arrival at the terminal and the necessity for deliveries of the business and the balancing of power and other operating features, always taken into consideration in lining up trains. From that study I determined what could be done as set forth by Mr. Peterson. It was my conclusion that the trains could be eliminated if local business was discontinued as shown on this sheet 11 of exhibit "15" (St. 127). And sheet 10 is the same for the Idaho Division which is in my jurisdiction also, and is partly

in Washington and partly in Idaho. I made the computations as to the car mile elimination. Where we found certain trains could not be eliminated, but where cars could be eliminated from the train, not necessarily have to be run, and those cars, of course, were in many cases readjusted to fit into the train actually run.

As to the possibility of eliminating passenger trains or passenger train miles, we made an estimate of a few of the branch line trains we thought could be taken (St. 128) off if there were no intrastate business. As to passenger train, the business is so intermingled that to serve the public in the same manner that we serve it now, the large business of intrastate could not be taken off because of the passenger and the head end business, meaning the express business.

[fol. 226] (The witness was then asked whether in his opinion it would be possible to handle the intrastate business in Washington economically or practicably if the local business were discontinued. To this question plaintiff's counsel objected on the ground that it called for a conclusion of the witness on a matter which the court was required to decide. The objection was overruled (St. 129). And the witness then testified:)

It is possible, but not without great loss. It is not practical. The N. P. line and its railroad facilities were constructed for the handling of both local and interstate business (St. 129).

On cross-examination the witness testified further as follows:

You ask who assisted me in securing my data with regard to the possible elimination of cars, trains and car miles, passenger trains, etc. All the members of the division staff whose duties are connected with the movement of trains. They reported to the division superintendent, and the latter reported their conclusion to me. You ask if my conclusions are based on their conclusions. I sat in with them at several of the meetings while the work was in progress and talked with them about the manner and the result, their result and the results of all of us engaged in the work. I changed some of their conclusions myself.

The head end business on passenger trains is mail, express and baggage. There is some of that on all these local passenger trains running on the branch lines (St. 130). A

large number of dead-heads ride on all trains. An important part of the passenger service business in Washington arises from the revenue the N. P. receives from hauling express and mail (St. 131).

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W. C. PINGER, called and sworn as a witness on behalf of defendant, testified as follows:

[fol. 227] I am assistant general auditor. The auditor has charge of the books of account. You ask how the N. P. credits revenue received on lumber or other commodities which come into a terminal or reconsignment point and is there unloaded for milling or other treatment in transit and then moved out in an interstate movement from that transit point. Heretofore this division between intra and interstate traffic has not been made. We made it in the way easiest for our own accounting. With the imposition of the tax on one and not on the other there has been a difference. It had been our practice when we had milling in transit to take all the milling into intrastate revenue at the milling point. If it moved out and became an interstate movement we credited the intrastate and moved it into the interstate revenue. This caused us to put it into the intrastate until we knew (St. 142) where it belonged. Such freight as that moves under a through rate, with a transit privilege, the right to unload and if grain, to mill it, and lumber to finish the lumber in some way or treating or preparing the commodity. That is known as a transit rate. Probably quite a substantial amount of that kind of revenue is included in the intrastate figure which was submitted in the interrogatories. We have never analyzed those accounts to determine the amount. I prepared the information for those interrogatories. The tax commission has never made any assessments against the N. P. for this tax which is sued for here, to my knowledge (St. 143). This transit business would make quite a difference. There is such business as grain consigned to the Port of Seattle elevator. We are exempted in our foreign commerce. It may be regarded as one of 3 or 4 things, probably mere traffic moving from the port directly to a boat. We have so regarded it. This is additional to a port elevator. There it comes to rest in the elevator and is shipped out. The question is that or is it not taxable. There is such business, not

[fol. 228] only wheat, but apples and other things. It is substantial in amount. You ask whether or not the rate put into the revenue (St. 145) into the port has been credited to intrastate revenue. All of it. The answer is in my interrogatories. To get the record of what goes out in shipment, you would have to go to our agent in shipping and see how much is assigned to storage elevators. You would have to go to the elevator record to make certain that 100% of their product was exported or whatever it might be was exported (St. 146).

On cross-examination he further testified as follows:

I imagine there are a lot of transit points in Washington. Under the stoppage-in-transit rule or regulation, we charge the consignor of the rough product such as wheat, the local rate from the point of origin to the milling point first. He pays this local rate in advance. He registers this commodity or shipment in transit at the time the consignment is made (St. 148). At the milling point the commodity is converted into some other product such as flour, and then it is reloaded normally or usually in the converted form and shipped to some other destination, maybe outside the state, or maybe inside the state. And a rate is charged on the original product, the unfinished product, to the point of destination, plus a so-called stoppage in transit penalty. That penalty varies with respect to various commodities. For wheat I think it is 2½¢ (St. 149). The consignor has to reship out of the milling station within a limited time to get advantage of the through rate. The consignor loses the right to reduce the rate if he doesn't move it within a specified period. When the commodity is moved out of the transit station, we withdraw the local charge and give him a through rate from the original point of consignment to [fol. 229] the point of destination. You ask whether or not they ever forfeit the right by not shipping out in time. Undoubtedly, but I don't know to what extent. We apportion the interstate revenues on a mileage basis as to the different states (St. 150). The 2½¢ is to cover the charge for unloading and loading. You ask whether or not, under normal circumstances, commodities moving in transit and taking the local rate and having the local rate charged up and moving out of transit and having the local rate taken out and placed in interstate, the items do not equalize each other from month to month if they are so taken out and so

put in from month to month so the amount on interstate side would not be normally increased if the traffic remained the same. It would have a tendency of postponing the tax a little (St. 151) because it would be thrown ahead by taking it out. We normally take out the same amount we put in if it remains the same, but that doesn't allow for the peaks and the depressions. If the tax were perpetual it would not make any difference over a period of years. Counsel for defendant asks if I mean to say that there would be no net credit for the interstate business on account of this transit rate. There would be a net credit in the early months and it would appear as a debit later when it moved out from the transit point. You ask if it would have the effect of reducing the taxable amount of intrastate income. It would have during the early period, but later on you would get a debit to offset it if the movement is intrastate and later goes into interstate. One way would be to keep it out until we know definitely where it is going. Our method has been to put it in intrastate and take it out when we know what it is by final analysis (St. 152).

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M. G. Crawford, called and sworn as a witness on behalf of defendant, testified as follows:

I am Assistant General Superintendent of Transportation for the N. P. I have charge of the car supply and the [fol. 230] interchange of cars and the records on that matter. I would say that in the account of equipment rentals, car hire, there is no net credit accruing on intrastate business in the state of Washington. This car hire is the amount which railroads pay to each other for the use of cars on the other line. It includes the perdiem rate of $1 a day. If the N. P. had a car on the G. N. we would be credited by the G. N. with $1 a day for that car while it was on the G. N. (St. 153). The general sum is $1 a day. The reason that there is no credit in the matter of car hire on intrastate traffic insofar as our line is concerned is that it is of such a nature that to a very large extent it is not delivered to our connections, and the only way that car hire accruals could occur would be through the collection possibly of rental from our connections (St. 154). As to local business in Washington, the character of the business interchange is of such a nature that the debits and credits

of that class of traffic would just about offset each other. We don't keep currently any accounts as to car hire as between local and interstate in Washington.

On cross-examination he further testified as follows:

If an N. P. car is shipped from Seattle to New York city via lines east of St. Paul, the lines east of St. Paul would pay the N. P. a $1 a day for each day they held the car on this shipment and return to the N. P. line, and if the N. P. made a shipment in a New York central car from (St. 155) Seattle, the N. P. would pay the New York Central a $1 a day for all the time the N. P. held possession of the car, and until it left the N. P. line (St. 156). You ask if the owning company pays for some of the repairs while a car is in possession of a foreign line. I should think so, yes (St. 156). I don't know if any portion of the expenses connected with the maintenance of the equipment while [fol. 231] these cars are in the hands of and in the possession of foreign lines, are paid by the N. P. (St. 161).

(Defendant's Exhibit "16" was thereupon received in evidence (St. 163).)

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C. R. Lonergan, called and sworn as a witness on behalf of defendant, testified as follows:

I am a traffic expert for the D. P. W. The National Carriers, including the N. P. and G. N. and other lines have now an application pending before the Interstate Commerce Commission for an increased rate. There has been an application filed for an increase in the state of Washington with the Department, and that is pending before the Department. You ask if there is any way of knowing when that application can be heard. I think the carriers request that it be not heard until after the I. C. C. makes its findings, because the same increase is asked of the local rates as is asked for the interstate rates (St. 164). What that increase will be cannot be known until the I. C. C. acts. There is no chance of bringing the state case to trial before that. There is no way of knowing when the I. C. C. will finally make its order. It will probably be some time early next year, because the hearing extends until December.

On cross-examination he further testified as follows:

I am familiar with the proceedings taken by the railroad companies in that case that I referred to in my testimony, which is Ex Parte No. 115. You ask if the railroad companies raised any question in that case that the rates should be increased by reason of the imposition of this occupa-[fol. 232] tional tax. I don't believe that was one of the reasons they gave. I might say this, that at the hearing the carriers put in their case in Washington. It was put in starting, I think, October 1st, 1934 (St. 165). You ask if they introduced evidence in regard to what their occupational tax would be, at that hearing. I did not hear any. I was there. They stated what their entire expenses were. I did not hear anything about them including the occupational tax. They included their item of taxes in their statements of revenues and expenses. In putting in their evidence they did not follow the classification that is detailed in their reports, in the I. C. C. reports. Most of the exhibits were composite exhibits covering western railroads and eastern railroads and southern railroads. It was not any separate showing made by any one railroad (St. 166). The N. P. and G. N. figures were included in this northwestern group. You ask if any particular railroad had the right to make a separate showing if it so desired. Well, it was not done that way.

(Counsel for defendant thereupon stated that there was no occupational tax included, because none had ever been levied against the railroad, much less collected, and we don't think any will ever be collected, either. So it certainly was not in the showing (St. 167). Whereupon the witness continued:)

I do not know that the occupational tax was in the showing made by the northwestern railroads in said hearing. These were the general figures of expenses of revenues that I had reference to. You ask if the I. C. C. hearing relates to local rates in the state of Washington (St. 168). It includes rates beyond 220 miles in length on merchandise, and in some cases it includes rates for all distances. But generally speaking the application is made up so as to exclude any advances in rates where truck competition is involved for distances up to 220 miles. You ask if there is any

[fol. 233] proceeding for an increase of rates brought by the G. N. or N. P., other than the one before the I. C. C. As I testified here, the carriers also filed an application with the D. P. W., a similar application. In fact, it is identical with the I. C. C. application, and they are requesting the Department to take no action, not call a hearing or do anything about it until the matter of interstate rates is definitely settled by the I. C. C., so that it is pending. It was filed in September, 1934 (St. 169). You ask whether in that application the railroads state any claim for this occupational tax. No (St. 170).

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T. M. JENNER, called as a witness on behalf of defendants, testified as follows:

I am a member of the Tax Commission. Exhibit "D" attached to the Answer (St. 170) appears to be a copy of Senate Bill No. 18 (St. 171). I attended a meeting before the Legislative Committee, at which this bill was up for consideration. I don't recall whether it was the Revenue and Taxation Committee or not. Mr. Sharpe attended that committee meeting, and urged that the Committee favorably report out this Senate Bill 18 (St. 172). The bill never got to the floor of the house as far as I know. I don't know whether it died in the original committee or the Rules Committee (St. 174) (St. 175).

On cross-examination he further testified as follows:

Mr. daPonte, Mr. Balmer and other railroad attorneys were present at the committee hearings on said Senate Bill 18, and quite strenuously opposed the reporting of the bill favorably by the Committee (St. 176).

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W. C. SMITH called and sworn as a witness on behalf of defendant, testified as follows:

[fol. 234] I am assistant tax commissioner of the N. P. at Seattle. I handle the taxes of the N. P. in Washington. I am, just in a general way, familiar with the taxes paid by the tenant lines to the N. P. I know that they do pay

taxes. I furnish the St. Paul office with the amount of the (St. 327) taxes we pay on these lines over which tenant companies operate. And then the N. P. at St. Paul charges a proportion under the contract to the tenant lines. The I. C. C. requires us to credit those amounts to rentals, account 508, I think, is the number, but they must be credited to rentals. They must be credited to rentals (St. 328).

(Counsel for defendant then read into the record the following excerpt from the joint facility contract between the Oregon-Washington and the N. P. (St. 328-330):)

"The Oregon Company will pay for the rights and privileges herein granted the sum of $325,000 per annum in 12 equal monthly installments on the first day of the month for the preceding month and this rental will be increased by one-third of four and one-half per centum (St. 328) upon the actual cost to the Pacific Company of all improvements, betterments and additions to the property properly chargeable to capital account beyond those created by the aforesaid expenditure of $2,500,000. But the rentals herein agreed to be paid are based upon the use of the property by the parties hereto and by the Great Northern Railway Company, and if another railway company or other railway companies are admitted by the Pacific Company to run trains upon the said railway, or any part thereof one-third of the rental payment of such tenant or tenants shall be credited to the Oregon Company."

"Sec. 2. The Oregon Company will also pay such prorata proportion of the cost actually incurred by the Pacific Company in the maintenance and operation of the property (which cost shall include insurance and taxes and a just sum to cover cost of superintendence and management) as the number of miles on said railway or any part thereof run by engines and cars in its trains bears to the whole number of miles run by engines and cars in the trains of all the parties (St. 329) using the same or any part thereof; such engine and tender shall be counted as two cars. All movements, of engines and cars shall be considered as 'trains' within the meaning of this paragraph.

"The Oregon Company shall not be charged on account of the maintenance of operation of any telegraph or telephone line not used in its business. The joint operating expenses shall be charged with a proportion of the expenses

of maintaining and operating any telegraph or telephone line used in the operation of the joint line equal to the proportion of wires so used to all the wires on the line."

[fol. 235] On cross-examination the witness further testified as follows:

You ask if the I. C. C. makes any rules in regard to how we shall apportion taxes paid by tenant companies in making our reports to the state regulatory bodies. The I. C. C. as I know (St. 330). It does not make any rules of that does not know that there is anything of that kind, so far kind. You ask if there would be anything to prevent the N. P. from accounting for those taxes in a different way in so far as the state reports are concerned. We only keep one set of accounts, and our reports are uniform to all bodies (St. 331).

(Counsel for defendant then read into record the following accounting rule prescribed by the I. C. C. as to Account No. 508, Joint Facility Rent income (St. 334):)

"The account shall include amounts receivable accrued for rent of tracks, yards, terminals and other facilities owned or controlled by the accounting company and used jointly with other companies or individuals. Amounts receivable from other companies being reimbursements for taxes on property jointly used, shall be credited to this account."

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[fol. 236] DEFENDANT'S EXHIBIT "5"

Is a copy of a decree confirming special master's sale of the property of the Northern Pacific Railroad Company (St. 7).

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DEFENDANT'S EXHIBIT "6"

Is a copy of a deed from the Northern Pacific Railroad Company to the defendant (St. 7).

Defendant's Exs. "5" and "6" having been introduced in support of Paragraph V of the Answer which was afterwards voluntarily stricken (Tr. 80-81), these exhibits are omitted.

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[fol. 237] DEFENDANT'S EXHIBIT 7

Def.'s Ex. "7", p. 1

Northern Pacific Railway Company

Result of Intrastate Operations, Year 1933

| | |
|---|---|
| (1) Gross operating revenue | $5,271,893 |
| (2) Operating expenses | $4,796,440 |
| (3) Net revenue from railway operation | $475,453 |
| (4) Railway taxes (on operating property) | $889,319 |
| (5) Railway operating income (deficit) | $413,866R |

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R Indicates Red Figure.

[fol. 238] Def's. Ex. "7", p. 2

Northern Pacific Railway Company

If joint facility rent income (proportion applicable to local traffic) received for rental of lines in Washington, year 1933, be included and Washington's proportion of bond interest applicable to local business and return on value of property be included, (which defendant states in the negative), the results are as follows:

| | | |
|---|---|---|
| (1) Joint facility rent income net credit, representing net amount from Acct. 508, rentals for use of line less Acct. 541, amount paid to other companies for rental of line | | $582,774 |
| (2) Bond interest: | | |
| Interest on funded debt, year 1933, system | $14,241,028 | |
| Less interest on Series "B" and "C" bonds issued for purchase of C. B. & Q. stock | 6,792,691 | |
| Balance of interest | | $7,448,337 |
| (3) Amount assigned to State of Washington based on the relation of State of Washington to the system of gross operating revenue, transportation service car miles, revenue traffic units and all track mileage owned, year 1933, 25.09% | | 1,868,788 |
| (4) Freight proportion of above sum based on ratio of freight operating expenses, State of Washington, to total freight and passenger operating expenses, year 1933, 71.80% | | 1,341,790 |
| (5) Passenger proportion based on ratio of passenger operating expenses, State of Washington, to total freight and passenger expenses, State of Washington, 28.20% | | 526,998 |

Def's. Ex. "7", p. 2—Continued

| | | |
|---|---|---|
| (6) Washington intrastate proportion based on relation of total revenue net ton miles for year 1933, 39.86% | 534,837 | 534,837 |
| Washington intrastate proportion based on relation of revenue passenger miles intrastate to total revenue passenger miles in Washington during year 1933, 47.76% | 251,694 | |
| Total assignment of bond interest to Washington account intrastate traffic | | 786,531 |

[fol. 239] Def.'s Ex. "7", p. 3

| | | |
|---|---|---|
| (7) Assessed value of operating property in Washington, year 1933 | $100,450,000 | |
| Assignment to Washington intrastate on same bases as used above for bond interest, | $42,277,195 | |
| 6% on above | | 2,536,632 |
| (8) Cost of reproduction new less depreciation as found by I. C. C. (See Vol., 25 Valuation Reports, p. 00), plus net additions and betterments to December 31, 1933, in State of Washington | $167,437,700 | |
| Apportioned to Washington intrastate on same basis as found for bond interest | 70,470,844 | |
| 6% interest on above | | 4,228,251 |

(9) The net result of crediting Washington intrastate with proper proportion of joint facility rents and charging it with proper proportion of bond interest as above is a loss of $203,757 in addition to the $413,866 deficit from intrastate operations, and if the interest on the assessed valuation be used instead of bond interest the loss is $1,953,858 in addition to said deficit of $413,866 and, if interest on the I. C. C. valuation be used instead of the assessed valuation, the loss is $3,645,577 in addition to said deficit of $413,866.

[fol. 240] Def.'s Ex. "7", p. 4

Northern Pacific Railway Company

| | | | | |
|---|---|---|---|---|
| Operating Revenues State of Washington Intrastate as reported to Department of Public Works | | | | $5,802,530 |
| Deduction account of amount as included in connection with foreign commerce | | | $369,606 | |
| August 1933 | $20,311 | | | |
| September 1933 | 28,563 | | | |
| October 1933 | 30,559 | | | |
| November 1933 | 28,585 | | | |
| December 1933 | 86,588 | | | |
| | | $194,606 | | |
| January to July 1933 estimated on basis of $25,000 per month | | 175,000 | | |
| | | 369,606 | | |
| Deduction account of switching in connection with interstate traffic included as intrastate | | | 161,031 | |
| | | | | 530,637 |
| | | | | $5,271,893 |

Def.'s Ex. "7", p. 4—Continued

| | | | |
|---|---|---|---|
| August 1933 | $16,660 | | |
| September 1933 | 17,962 | | |
| October 1933 | 14,139 | | |
| November 1933 | 11,763 | | |
| December 1933 | 11,827 | | |
| | | 72,351 | |
| January to July, 1933 on basis of ratio of interstate to total in months of August to December 1933 | | 88,680 | |
| Operating expenses account of above reductions | | | |
| Freight operating revenue intrastate 1933 (Acct. 101) as state to Dept. of Public Works | | | 4,836,839 |
| Freight operating expenses as used in connection with above revenue | | | 3,291,785 |
| Operating ratio | | | 68.06 |
| Reduction of operating expenses by reason of exclusion of revenue from foreign commerce 68.06 of $369,606 or | | | 251,554 |
| As no expenses were figured in connection with switching revenue no deduction is made for operating expenses in that connection, but freight operating ratio as explained has been applied to intrastate switching revenue of $210,821. 68.06% of $210,821 | | | 143,485 |

[fol. 241] Def.'s Ex. "7", p. 4-5

| | | | |
|---|---|---|---|
| Operating expenses as computed on freight operating ratio for miscellaneous freight revenue accounts excluding switching account 110. 68.06% of $164,204 | | | $111,757 |
| Additional operating expenses: | | | |
| Switching | $143,485 | | |
| Miscl. Rev. items | 111,757 | | |
| | | 255,242 | |
| Less operating expenses on foreign commerce eliminated | | 251,554 | |
| Net increase | | $3,698 | |

[fol. 242] Def.'s Ex. "7", p. 6

Northern Pacific Railway Company

State of Washington—Intrastate Operations
Year ended December 31, 1933

Total Operating Expenses

| | | |
|---|---|---|
| Freight operating expenses (as per exhibit) | | $3,291.785 |
| Passenger operating expenses (as per exhibit) | | 1,500,957 |
| Total operating expenses as applicable to Washington intrastate traffic, year 1933 | | 4,792,742 |
| Increase in operating expenses account adjustment of revenue in connection with foreign commerce, switching and miscellaneous revenues | | 3,698 |
| | | $4,796,440 |

[fol. 243] Def.'s Ex. "7", p. 7

Northern Pacific Railway Company

Washington State Taxes—Year 1933

| | | | Amount of Taxes Applicable |
|---|---|---|---|
| Gross Operating Revenues, State of Washington, 1933 | | $12,064,954 | |
| Taxes on operating property | | 2,005,015 | |
| Ratio of taxes to revenues | | 16.618 | |
| Intrastate Freight Revenue | $4,842.258 | 16.618 | 804,686 |
| Intrastate Passenger Revenue | 429,635 | 16.618 | 71,397 |
| | 5,271,893 | 16.618 | 876,083 |
| Filing fee 1/10 of 1% on above intrastate revenue—Freight | | | 4,740 |
| Passenger | | | 430 |
| | | | 5,170 |
| Federal Taxes System | | | |
| Capital stock tax | 62,000 | | |
| Federal Transpn. tax | 10,103 | | |
| U. S. Excise taxes | 694 | | |
| | 72,797 | | |
| System operating revenue | $47,578,677 | | |
| Ratio of Federal taxes to system operating revenue | .153 | | |
| .153 of Washington intrastate freight revenue | | | 7,409 |
| .153 of Washington intrastate passenger revenue | | | 657 |
| Total Federal taxes | | | 8,066 |
| Total State taxes on operating property and Federal taxes— | | | |
| Washington intrastate freight | | | 816,835 |
| Washington intrastate passenger | | | 72,484 |
| Total Washington intrastate taxes | | | 889,319 |

[fol. 244] Def.'s Ex. "7", p. 8

Northern Pacific Railway Company

State of Washington, Year 1933

| | Freight | Passenger | Total |
|---|---|---|---|
| Joint facility rents net | $815,241 | $539,823 | $1,355,064 |
| Intrastate proportion of freight based on ratio of intrastate net ton miles, year of 1933—39.86% | 324,955 | ..... | 324,955 |
| Intrastate proportion of passenger based on ratio of passenger operating expenses—47.76% | ..... | 257,819 | 257,819 |
| Total intrastate traffic | 324,955 | 257,819 | 582,774 |

[fol. 245] Def.'s Ex. "7", p. 9

Northern Pacific Railway Company

Washington Intrastate Revenues—Year 1933

| Account | As reported to Department of Public Works | Adjustments | Intrastate revenues revised |
|---|---|---|---|
| 101 Freight | $4,836,839 | $369,606* | $4,467,233 |
| 102 Passenger | 312,449 | ..... | 312,449 |
| 103 Excess baggage | 2,444 | ..... | 2,444 |
| 104 Sleeping car | 8 | ..... | 8 |
| 105 Parlor and chair car | 2,838 | ..... | 2,838 |
| 108 Other passenger-train | 5,935 | ..... | 5,935 |
| 109 Milk | 11,036 | ..... | 11,036 |
| 110 Switchings | 371,852 | 161,031@ | 210,821 |
| 111 Special service train | 1,241 | ..... | 1,241 |
| 112 Other freight-train | 102,002 | ..... | 102,002 |
| 131 Dining and buffet | 22,427 | ..... | 22,427 |
| 132 Hotel and restaurant | 68,995 | ..... | 68,995 |
| 133 Station, train and boat privileges | 2,465 | ..... | 2,465 |
| 134 Parcel room | 3,708 | ..... | 3,708 |
| 135 Storage—freight | 825 | ..... | 825 |
| 136 Storage—baggage | 1,661 | ..... | 1,661 |
| 137 Demurrage | 9,741 | ..... | 9,741 |
| 142 Rents of bldg. and other property | 6,014 | ..... | 6,014 |
| 143 Miscellaneous | 50,220 | ..... | 50,220 |
| 151-152 Joint facility—net debit | 10,170 | ..... | 10,170 |
| Total | 3,802,530 | 530,637 | 5,271,893 |

@ Represents switching in connection with interstate operations.
* Represents revenue on foreign commerce.

[fols. 246 & 247] Def.'s Ex. "7", p. 10

Northern Pacific Railway Company

State of Washington

October 22-28, 1933

| | |
|---|---|
| Amount of intrastate freight operating expenses week of October 22-28, 1933 as per attached detail | $75,078.42 |
| Revenue net ton miles | 7,629,079 |
| Operating expense cost per revenue net ton mile (cents) | .98411 |

(Insert—To follow Defendant's Exhibit "7", p. 10)

Northern Pacific Railway Company

State of Washington—Year 1933

Passenger proportion of Operating Expenses, Intrastate.

| | | | |
|---|---|---|---|
| Total passenger proportion of Operating Expenses year 1933, Intra and Interstate | | | $3,142,708 |
| Revenue Passenger miles | | % | |
| Intrastate | 18,052,604 | 47.76 | |
| Interstate | 19,749,788 | 52.24 | |
| | 37,802,392 | 100.00 | |
| Passenger proportion of Operating Expenses as applicable to Intrastate Traffic | | | |
| 47.76% of $3,142,708 or | | | 1,500,957 |

Year 1933

Total Freight Operating Expenses on Above Basis for Year 1933

| | |
|---|---|
| Revenue net ton miles, Washington intrastate year end. Dec. 31, 1933 | 334,493,591 |
| Operating expense cost per revenue net ton mile as above for week of Oct. 22-28, 1933 (cents) | .98411 |
| Total freight operating expenses | 3,291,785 |

[fol. 248] Def.'s Ex. "7", p. 12

Northern Pacific Railway Company

Analysis of Operating Expenses as Applicable to Washington Intrastate Freight Traffic

Oct. 22 to 28, 1933

Washington Intrastate Traffic

| | | |
|---|---|---|
| Train and engine wages | $9,826.25 | |
| Fuel for locomotives, water, lubricants, other supplies and engine house expenses | 6,683.07 | |
| Locomotive repairs (road service) | 4,592.71 | |
| Yard Expenses | 9,104.69 | |
| Freight car repairs, depreciation and retirements | 9,552.01 | |
| Steam locomotives, depreciation and retirements | 1,187.64 | |
| Station employes and station supplies and exp. | 9,603.60 | |
| Miscellaneous transportation accounts | 2,877.65 | |
| Miscellaneous maintenance of equipt. accts. | 1,477.30 | |
| Maintenance of Way and Structures | 11,202.01 | |
| Traffic Expenses | 3,086.41 | |
| General Expenses | 5,945.44 | |
| Transportation for Investment Cr. | 60.36R | |
| Total freight operating expenses | | $75,078.42 |

R Indicates Red Figure.

[fol. 249]

Def.'s Ex. "7", p. 13

Northern Pacific Railway Company

Summary of Train and Engine Expenses in Connection with Intrastate Freight Traffic—State of Washington, October 22-28th, 1933

| | Freight Car Miles | | | Gross Ton Miles | | | Net Ton Miles | | |
|---|---|---|---|---|---|---|---|---|---|
| | Intrastate | Interstate | Total | Intrastate | Interstate | Total | Intrastate | Interstate | Total |
| Idaho Division... | 96,413 | 328,177 | 424,590 | 3,902,383 | 13,233,661 | 17,136,044 | 1,778,809 | 5,232,736 | 7,011,545 |
| Tacoma Division.. | 253,231 | 285,063 | 638,294 | 13,322,232 | 10,631,317 | 23,953,549 | 6,046,548 | 3,780,290 | 9,826,838 |
| Total..... | 449,644 | 613,240 | 1,062,884 | 17,224,615 | 23,864,978 | 41,089,593 | 7,825,357 | 9,013,026 | 16,838,383 |
| % of total..... | 42.30 | 57.70 | 100% | 41.92 | 58.08 | 100% | 46.47% | 53.53% | 100% |

| | Wages of trainmen and enginemen | | | Fuel for train locos., water and other engine supplies and engine house expenses—train | | | Locomotive repairs | | |
|---|---|---|---|---|---|---|---|---|---|
| Idaho Division... | $2,275.16 | $5,185.59 | $7,460.75 | $1,281.80 | $3,400.61 | $4,682.41 | $1,096.20 | $2,928.40 | $4,034.60 |
| Tacoma Division. | 7,805.22 | 5,495.47 | 13,300.69 | 5,574.47 | 4,296.89 | 9,871.36 | 3,617.74 | 2,945.03 | 6,562.77 |
| Total..... | 10,080.38 | 10,681.06 | 20,761.44 | 6,856.27 | 7,697.50 | 14,553.77 | 4,713.94 | 5,883.43 | 10,597.37 |
| Cost per 100 Net Ton-Miles (cents)..... | .1288 | ..... | ..... | .0876 | ..... | ..... | .0602 | ..... | ..... |
| Net ton-mile of traffic actually handled..... | 7,629,079 | | | | | | | | |
| Revised cost..... | $9,826.25 | ..... | ..... | $6,683.07 | ..... | ..... | $4,592.71 | ..... | ..... |

[fol. 250] Def.'s Ex. "7", p. 14

## Northern Pacific Railway Company

### Freight Car Repairs, depreciation and retirements State of Washington, Year 1933

| | |
|---|---|
| Freight train car repairs, average of 3 years ending Dec. 31, 1933 | $565,463.71 |
| Depreciation, Year 1933 | 594,307.22 |
| Retirements, Year 1933 | 17,579.23 |
| | $1,177,350.16 |
| Amount applicable to week of Oct. 22-28, 1933, 7/365 or 1.918% | 22,581.58 |
| Intrastate proportion based on car miles during test period | 42.30 |
| Amount as assigned to intrastate freight traffic | 9,552.01 |

[fol. 251] Def.'s Ex. "7", p. 15

## Northern Pacific Railway Company

### Steam Locomotives, Depreciation and Retirements State of Washington, 1933

| Year 1933 | Idaho Division | Tacoma Division | Total |
|---|---|---|---|
| Steam Locomotives Depreciation | $82,279.76 | $125,835.75 | $208,215.51 |
| Steam Locomotives Retirements | 1,761.51 | 2,638.24 | 4,399.75 |
| Total | 84,141.27 | 128,473.99 | 212,615.26 |
| Amount applicable to week of Oct. 22-28, 1933, 7/365 or 1.918% | 1,613.83 | 2,464.13 | 4,077.96 |
| Less amount used in terminal studies | 368.84 | 823.79 | 1,192.63 |
| Total | 1,244.99 | 1,640.34 | 2,885.33 |
| Intrastate proportion based on gross ton miles | 22.77 | 55.12 | |
| Amount as assigned to intrastate freight traffic | $283.48 | $904.16 | $1,187.64 |

[fol. 252] Def.'s Ex. "7", p. 16

Northern Pacific Railway Company

State of Washington—Year 1933

| | | | | |
|---|---|---|---|---|
| Station Employees—Freight | | | | $641,150 |
| Station Supplies—Expenses | | | | 39,809 |
| | | | | $680,959 |
| Tons carried Washington 1933: | | | | |
| Intrastate | 2,776,861 | 65.39% | | |
| Interstate | 1,998,872 | 34.61% | | |
| | 5,775,733 | 100% | | |
| Adjusted tonnage: | | | | |
| Logs | 2,000,463 X1 | | 2,000,463 | |
| Other intrastate | 1,776,398 X2 | | 3,552,796 | |
| | 3,776,861 | 65.39 | 5,553,259 | 73.53 |
| Interstate | 1,998,872 X1 | 34.61 | 1,998,872 | 26.47 |
| | 5,775,733 | 100% | 7,552,131 | 100% |
| Dividing Station Employees and station supplies on above basis gives for Washington Intrastate | | 73.53% | or | $500,709 |
| Amount as applicable to week of Oct. 22-28, 1933 7/365 or 1.918% | | | | $9,603.60 |

(Here follow tables, folios 253-255.)

[fol. 253]

Def.'s Ex. "7", p. 17. (Sheet 1)

Northern Pacific Railway Company

Miscellaneous Transportation Accounts—State of Washington—Freight Year 1933

| | Idaho Division | | | Tacoma Division | | | Total State of Washington | | |
|---|---|---|---|---|---|---|---|---|---|
| | Year 1933 | Week of Oct. 22-28 1933 | Intrastate 1933, Propn. Wk. of Oct. 22-28 | Year 1933 | ⁎ Week of Oct. 22-28 1933 | Intrastate Propn. Wk. of Oct. 22-28 1933 | Year 1933 | Week of Oct. 22-28 1933 | Intrastate Propn. Wk. of Oct. 22-28 1933 |
| | | | 22.71% | | | 55.34% | | | |
| Train Supplies and Expenses | $38,448.97 | 727.45 | 164.20 | $50,357.65 | 965.86 | 534.51 | $88,806.62 | $1,693.31 | 699.71 |
| Superintendence | 39,664.24 | 760.76 | 172.77 | 72,417.85 | 1,388.97 | 768.66 | 112,082.09 | 2,149.73 | 941.43 |
| Dispatching Trains | 23,202.39 | 445.02 | 101.06 | 67,808.16 | 1,300.56 | 719.73 | 91,010.55 | 1,745.58 | 820.79 |
| Signal & Interlocker Oper | 10,926.50 | 209.57 | 47.59 | 17,646.85 | 338.47 | 187.31 | 28,573.35 | 548.04 | 234.90 |
| Crossing Protection | 3,960.31 | 75.96 | 17.25 | 38,302.83 | 734.65 | 406.56 | 42,263.14 | 810.61 | 423.81 |
| Drawbridge Operation | 31.36 | .60 | .14 | 31,478.83 | 603.76 | 334.12 | 31,510.19 | 604.36 | 334.26 |
| Tel. & Tel. Operation | 13,192.07 | 253.02 | 57.46 | 13,923.30 | 267.05 | 147.79 | 27,115.37 | 520.07 | 205.25 |
| Stationery & Printing | 5,513.11 | 105.74 | 24.01 | 10,015.05 | 192.09 | 106.30 | 15,528.16 | 297.83 | 130.31 |
| Other Expenses | 1,676.78 | 32.16 | 7.30 | 3,066.98 | 58.82 | 32.55 | 4,743.76 | 90.98 | 39.85 |
| Operating Jt. trks & Fac. Dr | 22,506.50 | 431.67 | 98.03 | 9,101.75 | 174.57 | 96.61 | 31,608.25 | 606.24 | 194.64 |
| Operating Jt. trks & Fac. Cr | 5,552.17R | 106.30R | 24.14R | 112,555.40R | 2,158.81 | 1,194.69R | 118,097.57R | 2,265.11R | 1,218.83R |

R Indicates Red Figure.

[fol. 254]

Def.'s Ex. "7", p. 17 (Sheet 2)

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Insurance | 500.55 | 9.60 | 2.18 | $793.85 | $15.23 | $8.43 | $1,294.40 | $24.83 | $10.61 |
| Clearing Wrecks | 9,021.76 | 173.04 | 39.30 | 3,397.08 | 65.16 | 36.06 | 12,418.84 | 238.20 | 75.36 |
| Damage to Property | 15,529.92 | 298.05 | 67.69 | 6,108.81 | 117.17 | 64.68 | 21,648.73 | 415.22 | 132.53 |
| Dam. to L. Stock on R of W | 3,505.21 | 67.23 | 15.27 | 5,629.21 | 107.97 | 59.75 | 9,134.42 | 175.20 | 75.02 |
| Loss & Damage Fr | 26,485.53 | 507.99 | 115.36 | 32,767.63 | 628.48 | 347.80 | 59,253.16 | 1,136.47 | 463.16 |
| Injuries to Persons | 32,795.67 | 629.02 | 142.85 | 16,732.05 | 320.92 | 177.60 | 49,527.72 | 949.94 | 320.45 |
| Weighing Insp. & Dem. Bur | 6,044.30 | 115.93 | 26.33 | 9,511.44 | 182.43 | 100.96 | 15,555.74 | 298.36 | 127.29 |
| Operating Jt. Yds. Termls. Dr | 144.89 | 2.78 | .63 | 48,335.49 | 927.07 | 513.04 | 48,480.38 | 929.85 | 513.67 |
| Operating Jt. Yds. Termls. Cr | 85,932.92R | 1,648.19R | 374.30R | 86,235.48R | 1,654.00R | 915.32R | 172,168.40R | 3,302.19R | 1,289.62R |
| Coal & Ore Wharves | ..... | ..... | ..... | 680.44 | 13.05 | 7.22 | 680.44 | 13.05 | 7.22 |
| | 161,684.97 | 3,091.10 | 701.98 | 239,284.37 | 4,589.47 | 2,539.83 | 400,969.34 | 7,680.57 | 3,241.81 |
| Less amount as included in term. studies Frt. propn | ..... | 221.13 | 50.22 | ..... | 567.29 | 313.94 | ..... | 788.42 | 364.16 |
| Total | ..... | 2,869.97 | 651.76 | ..... | 4,022.18 | 2,225.89 | ..... | 6,892.15 | 2,877.65 |

⁎ 7/365 or 1.918%.

[fol. 255]

DEF'S EX. "7"

Northern Pacific Railway Company

Various Maintenance of Equipment Accounts

State of Washington—Year 1933—Freight

| Maintenance of Equipment | Year 1933 | # Week of Oct. 22–28 1933 | Intrastate Propn. Oct 22–28 1933 | Year 1933 | # Week of Oct. 22–28 1933 | Intrastate Propn. Wk. Oct. 22–28 1933 | Year 1933 | Wk. of Oct. 22–28 1933 | Intrastate Propn. Wk. Oct. 22–28 1933 |
|---|---|---|---|---|---|---|---|---|---|
| | Idaho Division | | | Tacoma Division | | | Total State of Washington | | |
| Superintendence | $31,411.82 | $602.48 | $136.82 | $51,473.14 | $987.25 | $546.34 | $82,884.96 | 1,589.73 | 683.16 |
| Shop Machinery | 9,036.29 | 173.32 | 39.36 | 12,762.14 | 244.78 | 135.46 | 21,798.43 | 418.10 | 174.82 |
| Power Plant Machinery | 3,138.00 | 60.19 | 13.67 | 2,984.82 | 57.25 | 31.68 | 6,122.82 | 117.44 | 45.35 |
| Work Equipment Repairs | 9;364.78 | 179.62 | 40.90 | 26,333.95 | 505.09 | 280.93 | 35,698.73 | 684.71 | 321.83 |
| Work Equipment Depr. | 8,193.87 | 157.16 | 35.79 | 16,239.84 | 311.48 | 173.25 | 24,433.71 | 468.64 | 209.04 |
| Work Equipment Retirements | 960.54 | 18.42 | 4.19 | 1,811.13 | 34.74 | 19.32 | 2,771.67 | 53.16 | 23.51 |
| Miscellaneous Equipt. Reprs. | 111.26 | 2.13 | .48 | 190.06 | 3.65 | 2.02 | 301.32 | 5.78 | 2.50 |
| Injuries to Persons | 16,948.28 | 325.07 | 73.82 | 5,260.02 | 100.89 | 55.83 | 22,208.30 | 425.96 | 129.65 |
| Miscellaneous Equip. Depr. | 137.48 | 2.64 | .60 | 240.48 | 4.61 | 2.55 | 377.96 | 7.25 | 3.15 |
| Insurance | 118.13 | 2.26 | .51 | 1,471.82 | 28.83 | 15.62 | 1,589.95 | 30.49 | 16.13 |
| Stationery & Printing | 427.04 | 8.19 | 1.86 | 536.87 | 10.30 | 5.70 | 963.91 | 18.49 | 7.56 |
| Mtg. Jt. Eq. at Trmls.—Dr. | 12,514.30 | 240.02 | 54.51 | 14,237.18 | 273.07 | 151.12 | 26,751.48 | 513.09 | 205.63 |
| Mtg. Jt. Eq. at Trmls.—Cr. | 10,678.17R | 204.81R | 46.51R | 19,297.08R | 370.12R | 204.82R | 29,975.25R | 574.93R | 251.33R |
| | 81,683.62 | 1,566.69 | 356.00 | 114,244.37 | 2,191.22 | 1,215.00 | 195,927.99 | 3,757.91 | 1,571.00 |
| Less amounts used in terminal cost studies | ..... | 58.52 | 13.29 | ..... | 145.30 | 80.41 | ..... | 203.82 | 93.70 |
| Total | | $1,508.17 | 342.71 | | 2,045.92 | 1,134.59 | | 3,554.09 | 1,477.30 |

# Based on 7/365 or 1.918% of year
R Indicates Red Figure

[fol. 256] Def.'s Ex. "7", p. 19

Northern Pacific Railway Company

Maintenance of Way—Structures

Washington Intrastate Freight Traffic

| | Idaho Division | Tacoma Division | Total |
|---|---|---|---|
| Average Maintenance of Way Structures—Freight 3 years ended Dec. 31, 1933. | $499,257.79 | $1,027,538.44 | $1,526,796.23 |
| Week of Oct. 22–28, 1933 7/365 or 1.918%..... | 9,575.75 | 19,708.18 | 29,283.93 |
| Less amount as used in terminal studies..... | 836.01 | 3,052.56 | 3,888.57 |
| Total M.W. Structures—Freight..... | 8,739.74 | 16,655.62 | 25,395.36 |
| Intrastate proportion based on freight car miles for test week Oct. 22–28, 1933 as follows: | 22.71 | 55.34 | |
| Intrastate..... | $1,984.79 | $9,217.22 | $11,202.01 |
| Interstate..... | $6,754.95 | 7,438.40 | 14,193.35 |

[fol. 257] Def.'s Ex. "7", p. 20

Northern Pacific Railway Company

Apportionment of Traffic Expenses to Intrastate, State of Washington, Year 1933

| | | | |
|---|---|---|---|
| Traffic Expenses Freight, State of Washington, Year 1933 ..... | | | $246,089 |
| Tons of revenue freight: | | | |
| Intrastate ..... | 3,776,861 | 65.39 | |
| Interstate ..... | 1,998,872 | 34.61 | |
| | 5,775,733 | 100% | |
| Washington intrastate proportion ..... | | | $160,918 |
| Week of Oct. 22-28, 1933, 7/365 or 1.918%..... | | | 3,086.41 |

[fol. 258] DEF.'s Ex. "7", p. 21

Northern Pacific Railway Company

State of Washington

General Expenses

State of Washington—Freight—Year 1933

| | | |
|---|---|---|
| Total Freight Operating Expenses | $8,002,333 | |
| Less General Expenses | 633,648 | |
| Total Operating Expenses, Freight (Exclusive of General) | $7,368,685 | |
| Ratio of General Expenses to total excluding General | 8.60% | |

Washington Intrastate Freight Traffic

| | | |
|---|---|---|
| Freight Operating Expenses Intrastate Week of Oct. 22-28, 1933 (Excl. General) | $69,132.98 | |
| General Expenses, 8.60% of $69,132.98 | | $5,945.44 |

[fol. 259] DEF.'s Ex. "7", p. 22

Northern Pacific Railway Company

Transportation for Investment Cr.

State of Washington—Year 1933—$7,227.30

Amount Applicable to week of Oct. 22-28, 1933.

| | |
|---|---|
| 7/365 or 1.918% | $138.62 |
| Washington intrastate freight proportion | 60.36 |
| Ratio of car miles in intrastate traffic | |

[fol. 260] Defendant's Exhibit "8":

Purports to be a copy of the N. P.'s Annual Report to the D. P. W. for the year ending December 31, 1933.

Defendant's Exhibit "9":

Purports to be a copy of the N. P.'s Annual Report to the D. P. W. for the year ending December 31, 1932.

Pertinent parts of Exhibits "8" and "9" can be readily referred to in the briefs and these exhibits are therefore omitted.

Defendant's Exhibit "10":

Page 23 is a set-up purporting to show the par and average market value of the N. P.'s stock and funded debt for each of the years 1930 to 1933 inclusive and the average for the four years.

Page 24 is a set-up purporting to show the N. P.'s system net railway operating income for the years 1930 to 1933 inclusive and the first seven months of 1934. It also purports to show the average percentage for the years 1930 to 1933 inclusive of the N. P.'s Washington operating properties of the system operating revenue, car miles, traffic units, all track mileage owned and reproduction cost.

Page 25 is a set-up purporting to show the market value of the N. P.'s Washington operating property based upon the data set forth on pages 23 and 24.

Since the market value of the N. P.'s Washington properties is not deemed material to this inquiry, the foregoing exhibit is omitted.

[fol. 261] Defendant's Exhibit "11":

Purports to show separately as to each station named below the average cost per engine hour from June 3rd to 9th, 1934. As to each such station is set forth in one column by the names and numbers of accounts the purported expense for the test period incident to Maintenance of Way and Structures, Maintenance of Equipment, Transportation and General; in the next column the purported total net engine hours for the test period, and in the last column, the purported cost per engine hour, evidently computed by dividing the total engine hours into the total expense for the week. The totals for the various stations are shown to be as follows:

| Station | Total for Week Beginning June 3, 1934 Expense for test period | Net Engine Hours | Cost per Engine Hour |
|---|---|---|---|
| Spokane | 6,134.52 | 564.37 | 10.87 |
| Pasco | 3,223.84 | 260.65 | 12.37 |
| Yakima | 2,883.41 | 260.93 | 11.05 |
| Everett | 884.46 | 89.74 | 9.86 |
| Seattle | 9,582.77 | 756.15 | 12.67 |
| Auburn | 3,955.93 | 325.74 | 12.14 |
| Tacoma | 7,035.09 | 589.51 | 11.93 |
| Centralia | 1,058.18 | 80.58 | 13.13 |
| Aberdeen | 452.53 | 53.08 | 8.53 |
| Hoquiam | 537.74 | 48.59 | 11.07 |

[fol. 262] Defendant's Exhibit "12":

Is headed: "Analysis of engine hours and cost per car in connection with switching operations" during the week of June 3, 1934, at the stations named in Exhibit "11". To each form of service rendered in switching operations is given, (with variations as to different stations), an arbitrary number, thus; 1A and 1B "Classification", 2A "Transfer"; 2B "Interchange"; 3 "Industry"; 4 "Freight house"; 5 "Team Track"; 6 "Co. Coal docks and ash pits"; 7 "Passenger"; 8 "Shop switching"; 9 "Store Department"; 10 "M. of W. Department"; 11 "Weighing or ice house"; and 12 "Other service—meantime etc."

As to each station, the gross engine hours and net engine hours are set forth. The next column involved in each one of these services purports to show the total number of loaded cars handled in each of such services; the next column, the number of loaded cars handled per net engine hour in each of such services; the next column, the cost per net engine hour as computed for such station in Exhibit "11" and the last column, the cost (in cents) per loaded car for each of such services.

[fol. 263] Defendant's Exhibit "13":

The first sheet purports to show the cost of switching for cars moving in intrastate log traffic during the week of October 22, 1933, based on terminal cost study for week of June 3, 1934. As to each of the stations, Yakima, Everett, Tacoma, Centralia and Hoquiam is shown, in the first column, the elements of switching service performed (as described in Exhibit "12"); in the next column, the cost per car; in the next column, the number of cars, and in the last column, the total costs for each station. The total for

all said stations is shown to be: Number of cars, 1106; total costs, $2,278.21; average per car, $2.06.

The second sheet purports to show the cost of switching for cars moving in intrastate traffic (except logs) during week of October 22, 1933, based on terminal cost study for week of June 3, 1934. As to each of the stations named in Exhibit "11" is shown the cost per car, the number of cars and the total costs. The total for all said stations is shown to be: Number of cars, 1,729; total costs, $6,826.48; average per car: $3.95.

The subsequent sheets purport to show, as to each of said stations, the details of the showing in the second sheet. As to each such station is shown the movement of traffic, the elements of switching service performed (as described in Exhibit "12") as to various groups of cars, the cost per car of such group of cars, the total costs for each such group of cars, the total number of cars handled, the total cost of handling all cars, and the average per car.

[fol. 264] Defendant's Exhibit "14":

Is a card purporting to show a code number for each of various engine yard movements, together with blanks in which to show; the engine number, date, time engine crew and switch crew each worked, switch foreman, no. of brakemen, and the switch crew time for the work done under each numbered element of switching service.

Defendant's Exhibit "15":

Consists of 14 sheets containing various set-ups relating to the traffic analysis made by defendant for the week of March 25, 1932. Since plaintiff does not dispute these calculations, but only the conclusions sought by defendant to be drawn therefrom, this exhibit is omitted.

[fol. 265] Defendant's Exhibit "16":

Exhibit "C" attached to the Answer (Tr. 46-7) was offered in evidence as Defendant's Exhibit "16" (St. 163). It purports to be the First Supplemental Findings of Fact and Order dated April 27, 1933, in a proceeding before the D. P. W. "in the matter of the application of common carrier railroads for fifteen per cent increase in freight rates in the state of Washington." The Board finds that the 15% rate increase authorized by its order of December 17,

1931, was being retained as to certain commodities and between certain points, but not as to others, resulting in discrimination as to localities, and the application to continue the rates represented by such increase until September 30, 1933, was accordingly denied. There is nothing in the findings to indicate that the carriers had made any showing to the Department as to the occupational tax imposed upon them or as to any possible increase in operating expenses which might result therefrom.

Defendant's Exhibit "17":

Exhibit "D" attached to the Answer (Tr. 48) was offered as Exhibit "17". It purports to be a copy of Senate Bill No. 18 of the Extraordinary Session of the Legislature of 1933, giving public service companies doing both an interstate and intrastate business the privilege of withdrawing from their intrastate business if they so desire by filing a notice of such withdrawal with the D. P. W.

[fol. 266] Defendant's Exhibits for Identification "18" to "22" and "22A" and "22B":

Purported to contain various underlying data connected with the various special studies made by defendant (St. 180-1, 412-3). These were, with the consent of plaintiff's counsel, later withdrawn (St. 514).

[fol. 267] Plaintiff's Rebuttal

C. R. Lonergan, called and sworn as a witness on behalf of plaintiff, testified as follows:

I have been chief of traffic division of the D. P. W. of Washington since 1927. Prior to that time I was in the railroad business for 33 years with the N. P. in various capacities, including the following capacities connected with the traffic: traveling freight agent and general agent, and assistant general freight agent (St. 368), general freight agent and assistant to the vise president in charge of traffic.

In connection with my work with the D. P. W. I have had occasion to study the reports made by the various interstate railroad companies to the D. P. W., particularly with respect to the method of apportionment of railway operating expenses and railway operating revenues to the state of

Washington. I am familiar with the N. P. lines in Washington and outside of Washington, and its various terminal properties within and outside of the state. The principal terminal properties of the N. P. in Washington are at Seattle, Tacoma and Spokane. Those are the larger terminals. And then there are other terminals in the smaller towns as well. The principal N. P. terminals outside of the state are: the head of the Lakes, that is Duluth and Superior, which is considered one terminal. St. Paul (St. 369), Minneapolis, and then, of course, we have district terminals along the line. There are some district terminals in the bridge states of Idaho, Montana and North Dakota. The latter terminal property are smaller than the terminals in Washington, Minnesota and Wisconsin. The terminals in Tacoma and Seattle are both very large terminals. The N. P. has an extensive terminal in Tacoma. I would say it [fol. 268] is perhaps somewhat smaller than the Seattle Terminal (St. 370). The N. P. has an extensive terminal in Spokane, the largest terminal of any of the roads that reach Spokane. It would be smaller than the Seattle Terminal. You ask what switching or terminal services are furnished in Spokane, so far as the N. P. is concerned. Spokane is a division point on the N. P. and trains are made up and broken up there, and the Northern Pacific also furnish interstate terminal services. It has the largest number of industries on its tracks of any of the railroads, and in addition to taking care of its own industry switching, it switches (St. 371) for the other roads to and from industries on the N. P. That is true of Seattle as well. I am familiar with the method used by the N. P. of apportioning revenues from interstate shipments of freight and passengers as between the state of Washington and the balance of the system. Briefly, that method is to apportion the local revenues directly to the state, and to apportion the balance of the interstate revenues on a mileage prorate proportion as to each individual shipment. I am familiar with the (St. 372) method of accounting of the N. P. to the state of Washington in accounting for its railway operating expenses. Those various items of expense are grouped into 6 main groups, the first of which is the maintenance of way and structures. In apportioning the expenses in connection with the maintenance of ways and structures to the state of Washington, the reports are made in such a way

that all expenses connected with the maintenance of way and structures are directly apportioned, to that particular state, with a certain mileage proportion of certain general expenses such as superintendence that cannot be localized.

(Questions by defendant's counsel.)

I don't pretend to be a railroad accountant. All my ex- [fol. 269] perience has been in the traffic department. I am the traffic expert for the D. P. W (St. 374). The Departmen has accountants in its service (St. 375).

(Questions by plaintiff's counsel.)

You ask what I do in connection with the traffic in my position as traffic man for the D. P. W. Everything that pertains to traffic, that is railroads, boat lines, trucks, busses and all. You ask if I have anything to do with rates and the propriety of rates. Yes. In connection with the determination of the propriety of rates I take into consideration operating expenses and revenues (St. 375). We have access to the annual reports, and I analyze some of them, and other members down there analyze them.

You ask me to state whether or not in my opinion such method of apportioning revenues followed by the N. P. is a proper method of apportioning revenues to the state of Washington for the purpose of determining the true net railway revenues in the state (St. 374). I would say not for ratemaking purposes. You ask why not. Because, as is stated in the N. P. annual report, a good many of those items are on arbitrary assumptions, and are not a true picture of the revenue and expenses accruing to the state of Washington. You ask how, in my opinion, the expenses connected with the maintenance of way and structures of the large terminal properties, such as those located in Spokane, Seattle and Tacoma, should be apportioned—directly to the state where located, or to some extent as system expenses. Of course that opens a very large question, and I might explain it in this way: the present method of dividing these revenues and expenses has been adopted not only by the state of Washington, but by all the other states, in the absence of any better method. And the subject has been in controversy for a good many years. It was in controversy when I came with the Department in 1927. There [fol. 270] have been extensive hearings by the I. C. C., but

no conclusion has ever been (St. 377) reached. The Commission, in Ex Parte 91, revision of accounting rules of steam railroads, got out a tentative report, in which it was recommended that it be left to a committee of state public utility regulatory bodies and railroad accountants and national industrial traffic league representatives, and 2 or 3 other committees, but nothing has ever been done. And in all consideration of intrastate rates we have always taken into account these arbitrary assumptions that are contained in the state figures, and to quite an extent have disregarded them. That is the mileage prorate which gives the state of North Dakota or Montana the same revenue per mile as it does in the state of Washington without regard to the terminal services, the absorption of competitive switching on interstate business, and many other factors which distort the figures. And as I say in our consideration of intrastate rates we have, to quite an extent disregarded the said figures (St. 378). I don't know that I can add anything to that. It is a matter of common knowledge that these figures that are filed in the annual reports of the railroads covering their state revenues and expenses are incorrect.

You ask why no objection is raised to them by the D. P. W. ordinarily in the absence of a contest on rates. We have raised objections, and we have discussed it with the railroad auditors, but the difficulty is that unless either the I. C. C. orders some change or all of the states can agree upon some uniform basis, there isn't any way of changing them. For example the N. P. running through 6 or 7 states cannot do one thing in Washington and another thing in Minnesota which in the aggregate will not foot up 100% for the system. You ask if it isn't a (St. 379) recognized fact [fol. 271] in all of these investigations that are made before the I. C. C. and all state commissions that the bridge state is not entitled, as a matter of fact, to a mileage prorate division of the interstate revenues. Yes, that is the general contention. Not by the bridge states, but by the railroads and by the other states that are involved. (Question by defendant's counsel.) The bridge state stands pat (St. 380).

The objection to the apportionment of all of the expenses connected with the maintenance of way and structures of a terminal state such as Washington as applies to the N. P., to the state of Washington, and the apportion-

ment of none of those expenses whatever to the bridge state is that it does not place the proper charge upon interstate traffic; it places it all where it is expended in the state of Washington. The terminal facilities located in Washington are of benefit to the traffic traversing the intermediate states, and in my opinion some of that expense should be apportioned to those intermediate states. That should also be true in regard to the maintenance of the terminals in Wisconsin and Minnesota. That should likewise be apportioned to this state and to the intermediate states as well. A portion of the taxes imposed by the state of Washington on the N. P. terminal facilities in Washington should likewise be apportioned to the bridge states, for the same reasons I have stated (St. 382).

You ask whether it is my opinion that the interstate revenues should be apportioned to Washington on a mileage prorate. No. You ask why not. Because that division does not allow for the terminal service. In other words, if the expenses are to be apportioned locally, to the terminal state, then a greater proportion of the earnings or the revenues should be apportioned to that state. You should either apportion a certain proportion of the expenses connected [fol. 272] with this terminal service to the remainder of the states, or you should (St. 382) apportion a greater percentage of the interstate revenues to the state to equalize those expenses (St. 383).

The N. P. does not keep its books so as to show the actual expenses of operation incurred in the state of Washington like an independent road would, that would terminate, say, at the Idaho line. It does not so segregate its expenses in its accounting. Where a through rate is made between several connecting lines, the revenues received from interline shipments of that kind based upon the through rate, is allocated or apportioned to the different lines handling the business. If there were three connecting lines involved in handling the freight on a through rate, there would be two terminal lines and one intermediate line. You ask whether or not any practice has been established between connecting lines operating in that way for the apportionment of the revenues between the connecting lines. Yes (St. 384). I am familiar with that practice. You ask what that general practice is (St. 385). The standard practice is to allow the originating line a minimum of 25% of the through rate from point of origin to destination. That would be the minimum.

You ask as to the local rate. Well, sometimes it is agreed upon that the originating line will accept this local, and other times it may be less than local and at other times may be more than local. You ask what the delivering line would get (St. 386). That would depend on how long a haul the delivering line got. If the delivering line got a reasonably long haul it would accept a mileage prorate, but if it was a terminal line, a short line, it might exact something above its mileage prorate.

If the terminal states were apportioned more than a [fol. 273] mileage prorate on a fair and equitable basis of division (St. 387) of apportionment, and the middle states or bridge states were apportioned less than mileage prorate, that would not necessarily mean that more than 100% would be apportioned in the aggregate. I might say in that connection that in this Ex Parte 91 proceeding before the commission, the D. P. W. and the Public Utility Commission of Oregon suggested that these terminal states be allowed—in order to offset that, correct it—the constructive mileage something over and above the actual mileage prorate. By constructive mileage I mean a mileage arbitrarily apportioned to a given segment of the line for the purpose of computing divisions of the revenue. For example, roughly, the N. P. mileage across the state would be 400 miles, and our suggestion was that the state of Washington be allowed, I think, 125 miles in addition to that for the terminal expense or service. You ask whether or not in any proceeding in which the N. P. and other railroad companies were parties, the propriety of the divisions or apportionments made in the reports was in issue and discussed by the D. P. W. Yes. The case of D. P. W. Complainant, vs. Chicago, Milwaukee, St. Paul & Pacific, cause 6172, was one of them. Plaintiff's Ex. "24" constitutes the findings of fact and order in that particular proceeding. The portion on pages 47 and 48 is the relevant portion in that connection (St. 389).

(Whereupon plaintiff's Ex. "24" was received in evidence over defendant's objection that the same was irrelevant and immaterial (St. 389).

On cross-examination he further testified as follows:

[fol. 274] This mileage prorate has been used by the railroads in this state in connection with the state statistics for a good many years. It is the only one that ever was used, so far as I know. It has been more important, of course, since 1920, since the passage of the Transportation Act. Before that it was not so material (St. 390). It would be impossible to change that method with respect to any one state without orders from the I. C. C. or the agreement upon the part of states interested. Minnesota is an important terminal state for the N. P. and a number of other roads both transcontinental and roads coming in from the East. The state of Minnesota has much more extensive terminals on the N. P. than the terminals in Washington. They are at least as expensive, I would say. If (St. 391) I am going to give Washington credit because of terminals in this state I would have to give Minnesota credit for its terminals. I think it is true that it would involve a recasting of the entire situation and averaging up of the result. You would have to consider the relative importance of the various terminals in each state, and the amount of traffic that was originated and delivered at the terminals. You ask if it isn't a fact that if any such thing as that was attempted on any general scale it would involve an utterly hopeless mess and confusion, and we would have to take years to work it out. Well, that is perhaps true, because the I. C. C. has been at it for several years, and they have not reached any conclusion. The N. P. pays its gross revenue tax in Minnesota and on this same proportion of revenue used everywhere else, but the situation in Minnesota is a little different. Minnesota is the neck of the bottle for the N. P. and has the advantage of all of that bridge traffic (St. 392). You ask if it isn't a fact that there isn't any-[fol. 275] thing more firmly established amongst the railroads throughout the United States than this proposition of mileage prorate of interstate revenue. It is established, but I would not say that it is satisfactory to the railroads. It is the universal practice. You ask if it isn't true that I never did devise any formula by which I could tell how much revenue should be apportioned to (St. 393) Washington other than this. Well, I have discussed a good many formulae, but I have never been able to get everybody to

agree to establish it. I think it is true that if we ever depart from this system, that you could find hundreds of different views and opinions as to what should be substituted. The D. P. W. has discarded the mileage proration in some rate cases. The decision of the D. P. W. was correct according to the belief of the members of the Department (St. 394). You ask if it is not a fact that it is impossible to devise any system, so far as I know, by which it could be done mathematically. Oh, I think it could be done by recasting the figures and allowing constructive mileage, provided we could get an agreement. You always have to make certain so-called arbitrary assignments of expenses where the expenses are common to both state and interstate business. You ask if we are ever going to get anything but an approximation. No, it would not be absolutely accurate. It could not possibly be. Traffic coming in from the south and going to British Columbia would cross Washington, but that would be a very small amount. I haven't the figures here, but I have studied them a good many times. In case of the grain originating on the N. P. and going to Portland, the state (St. 395) gets 90% or more under the mileage prorate, where it moves over the S. P. S. That is a fairly heavy volume of traffic. There is a whole lot of freight also originates in the bridge states, such as the Dakota grain, and grain, livestock, lumber and ore [fol. 276] in Montana. You ask if it is not a fact that it is wholly inaccurate to classify one state as a bridge state and another state as a terminal state; that you can't divide them in that way. Well, I think you can. The volume of bridge traffic can be measured, it can be determined. But that does not mean that there is not also a lot of traffic originating and delivered in the bridge state too. The total traffic of the bridge states is not altogether bridge traffic (St. 396). The traffic *on* North Dakota on bridge traffic is about equal to the traffic density of Washington. North Dakota is one of the largest grain producing states. It is a terminal state with respect to that traffic (St. 397).

For local business, the carrier is entitled to a higher per ton rate than for long haul interstate business. The average haul of the interstate is substantially in excess of the average haul on the local. It is true that the cost per unit of freight of the local business is substantially in excess

of the interstate business, because of the short haul and the same terminal service in either case (St. 397). In other words, we have an origin and delivery service for the business in both instances. That is about as firmly established a principal of rate making as there is (St. 398).

The matter of divisions is largely a matter of bargaining between the companies. The general practice that I spoke of is the usual standard basis, but it may be deviated from, of course. If one road has the control of the situation it may dominate the division. It is just like any other contract that is made (St. 398). This 25% rule to which I testified applies as well on traffic originating in the east and moving out into Washington as on traffic originating in Washington and moving east. It would be standard from [fol. 277] all directions. It applies in all directions, east, west, north and south. I think it is true that whatever the merits or demerits of this 25% practice, inasmuch as it applies generally, the advantages and disadvantages will equalize as between the roads, as a general rule (St. 399).

On redirect examination he testified further as follows:

The preponderance of traffic is eastbound. As to this specific business, it would not be equalized in view of the excess or preponderance of eastbound traffic. (Question by defendant's counsel.) You ask if a state can go to the I. C. C. and insist upon a railroad reporting an adequate amount of revenue. We have not tried it for 7 or 8 years. When I said that it was the universal practice in the United States to accept the mileage prorate as the proper method of apportionment as between state, I meant for accounting purposes. You ask me as to the situation where there is a rate case in one of the states involving the propriety of a local rate. Well, as I testified this morning, so far as the D. P. W. is concerned, we don't take these figures of the carriers as to state revenue at the full face value in deciding questions of rates. The controversy over these figures as to a mileage prorate division comes into almost every state rate case (St. 402). In these various controversies, neither the states nor the carriers accept it when it is detrimental to their interests. In every rate case it is always a matter of very lively dispute as to what the proper apportionment of revenues should be. Minnesota has some valuable terminals. That state uses a gross revenue tax.

If they receive a lower amount of revenue by reason of [fol. 278] this mileage prorate, they could adjust it very readily by still increasing the rate up or down. You ask if there is any reason why a proper and equitable method could not be reached in a dispute over the propriety of a local rate by an exhaustive study of the subject at that particular time. Perhaps everybody would not agree to it. You ask me to state what the purpose of this requirement or practice is in regard to reporting to the state the revenues and expenses. The I. C. C. requires these data for systems as a whole, and the state regulatory bodies (St. 404) require it for their purposes of state regulation, and the figures as to the state represent a division of the system figures, so that if a railroad runs through 7 states the total of the figures of the 7 states will equal the total of the report to the I. C. C. I'm afraid that if each state were to make a careful and exhaustive study to determine just the amount which should properly be apportioned to the state, the cost of reporting this data would be prohibitive (St. 405).

The N. P. annual report for 1933, Exhibit "9" shows that the total revenue-freight carried by the N. P. for that year, on page 519, is 12,464,110 tons. According to the same report, page 910, there originated in the state of Washington 4,375,789 tons. That would be about a third, roughly. You ask me what proportion of the total traffic is hauled through Washington. I don't think it shows it that way. You could put it this way that on the system as a whole there were carried, as I stated, over 12,000,000 tons, and that would mean, multiplied by 2 of approximately 24,000,000 terminal handlings, that is in and out, origin and destination. The state figures show that originating in Washington, 4,275,789 tons and terminating 4,264,866, which would, added together, make 8,640,655 tons that were handled terminally in Washington, that is either originated in Washington or terminated here. In other words, that would be about one-third of the total N. P. system business has its origin or destination in the state of Washington.

[fol. 279] On recross-examination he further testified as follows:

Washington has a very substantially greater proportion of intrastate business than any other state of the system.

It is just about equally divided. It has a large amount of branch lines. Washington has very difficult mountain conditions; grades and curves, across the Cascade Mountains. It has many streams and rivers and bridges. You ask if it is not a fact that the operation conditions in Washington are not favorable to low cost. In Western Washington they are fairly favorable. But across the state in eastern Washington not so favorable (St. 407).

On further redirect examination he further testified as follows:

It costs more to operate over the mountains in Washington that it would, say, in a plain state or prairie state like North Dakota. You ask if it is the theory of rates that the rate is to compensate for the cost of operation. Yes, that is one of the factors. The rate is made to compensate for the haulage over the mountains. It is also made to cover cost of terminal services. The terminal service charge is absorbed in the line haul rate. The terminal services and the line haul service is all included as part of the structure of the service, the total service, to be paid for by the imposition of this tariff (St. 408). If the computation of mileage is from station to station, the terminal service is in no way whatever reflected by the apportionment on a mileage prorate. It wholly ignores it and considers only the mileage of haul. It ignores it on the other end just the same (St. 409).

(Whereupon N. P. Exhibit "46" was received in evidence without objection (St. 415).

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[fol. 280] E. V. Peterson, recalled by plaintiff for further cross-examination, testified as follows:

The figures shown on plaintiff's Exhibit "25" for identification are the figures that I used in connection with the division of revenues for the year 1933 as between freight and passenger. They are correctly stated in accordance with our exhibit submitted. In N. P. Ex. "7", wherever I had occasion to use the division of revenues in the state of Washington I used these figures. The only point where I had occasion to use the revenue as between freight and

passenger was in connection with the tax statement on page 7, N. P: Ex. "7". The revenues (St. 419) shown on the present exhibit '25" are those as reported to the state of Washington for total intrastate and total interstate and for the total of intra and interstate for the year 1933, and do not include the further adjustment in connection with the foreign commerce and switching as shown by Defendant's Exhibit No. "7", page 4.

You ask me whether or not Plaintiff's Ex. "28" is the data furnished to the Plaintiff's attorney in this case in regard to the contribution by the tenant lines of the taxes for the year 1933 levied by the state of Washington. No. It does not. It represents the amount that is included in the accounts for 1933 and not as levied for 1933. The amount shown by Plaintiff's Exhibit "28" was submitted by me in response to counsel's request, for a statement of the amount of taxes that would be included in the net joint facility rents, and the amount that is shown—that is, $248,935.08 as applying to account 508, and $21,334.34 as applying to account 541, is the amount which was included in the net credit to joint facility rents net for the year 1933, and would not cover the taxes for the year 1933. It would cover the assessments that were made for the year and such [fol. 281] adjustments as might be made in the accounts. Of course we realize that the accounting is not always in line with the assessed taxation (St. 420). You ask if I mean those figures which might later be adjusted in some way. Well, we noticed in the record prior to the giving of this information the amount that actually applied so far as the credit account was concerned to the 1933 taxes, which amounted to $237,000. That was introduced in my testimony. But this figure shows $248,935.08. You ask me for what year that represents a contribution to the total taxes paid by the N. P. Well, they would take up in their statements the amount that would apply to the year, but there are various adjustments made possible on account of previous years, so that the amount, strictly speaking, is not the 1933 assessment. It comes very close to it. It is the figure that is included in account 548 and 541 in the Defendant's Exhibit submitted, Exhibit "7". It is the best figure that we can get, and it is also the amount that was included in those accounts.

The N. P. also contributed certain taxes for the use of other lines which they did not own, and that shows as the item $21,334.34. The net amount is the last item of $227,600.74. Those figures were furnished plaintiff's counsel last Saturday night (St. 422).

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C. A. MANSCHRECK, called and sworn as a witness for plaintiff, testified as follows:

I reside in Seattle. My business is supervisor of valuations, for the Tax Commission of the state of Washington. My work is assisting the commissioners in the valuations of public utilities assessed by the Tax Commission, also assisting the commissioners in arriving at valuation figures when requested by the county assessors, of utilities assessed by the county assessors. This work involves a study of [fol. 282] the annual report made to the D. P. W. and tax commission by the public utilities. I am familiar with those reports (St. 416). I have been engaged in this character of work since May, 1925. Four years prior to that I was employed as assistant to the director of the department of efficiency, of Washington, in statistical and accounting work. You ask if I have accounting experience also in connection with my work with the tax commission. I supervised the installation of the present accounting system on the occupational tax, as well as the accounting system that was set up for the income tax two years ago. The law was declared unconstitutional, but the tax commission made all preparation for the collection of that tax as provided by the law. I started with the department of efficiency in 1921, and while employed by the department of efficiency I set up the appropriation accounting system now used by the state. From 1916, I think it was, down to August of 1920 I was (St. 417) chief paymaster in charge of supplies and accounts for the United States Shipping Board. From 1909 until 1916 I was employed by the city of Seattle as auditor of disbursements in the comptroller's office (St. 418).

Plaintiff's Ex. "25" shows the gross operating revenues, intrastate, interstate and total intra and interstate, (St. 422) in the state of Washington of the N. P. divided as to freight and passenger by accounts. This is a copy of

the statement that was submitted to counsel for plaintiff by Mr. Peterson the other day.

Plaintiff's Ex. "26" is the allocation of passenger operating expenses for the year 1933 to Washington intrastate passenger traffic only, as compared with N. P. Ex. No. "7", page 11 (St. 423). There is a second item there that was reported also to the D. P. W., the same page and same line, but column "F", which is expenses apportioned to pas- [fol. 283] senger and allied services, of $1,121,760. The total expenses as reported on these two lines or these two columns total $3,142,708. This $3,142,708 includes the expenses of both intra and interstate passenger service. I apportioned those expenses as between intrastate and interstate passenger service on the basis of the amounts shown in the second column on Exhibit "25" intrastate passenger revenue of $429,635, and on the interstate passenger revenue, which is column 5 of Ex. "25" of $921,447. The total passenger train revenues or the total of these 2 revenues is $1,351,082, which is the same figure as appears on the total of Ex. "25", the second column from the right-hand end. The ratio of intrastate revenues to the total of intra and interstate revenues of $1,351,082, or the amount of $429,635 of intrastate revenue divided by this total of $1,351,082 gives a ratio of 31.80%, and I have applied that ratio to the operating services, the total operating expense reported of $3,000,000 plus, which gives a total of $999,381 (St. 424). I used this method of apportioning because, to my mind, it is a truer indication of the division between intra and interstate revenues, than passenger miles, for instance, or passengers carried. I had revenue passenger miles intra and interstate, and the only other factor that was available was relative revenues. You ask why I believe that relative revenues was a better indication. Well, the revenue passenger miles as shown in N. P. Ex. "7", page 11, does not give consideration to the mail and express revenues in passenger train service. You ask if there are not milk and other services aside from that received from passengers alone. Yes, there are other train service revenues that were allocated both as to intra and interstate (St. 425). You ask if the expenses incident to the hauling of mail and express and milk would be reflected by relative passenger [fol. 284] miles. No, I don't think it would be reflected at all.

Plaintiff's Ex. "27" shows the total railway operating expenses in connection with Washington's 1933 intrastate operations as compared with N. P. Ex. "7", page 6. The freight operating expense as shown on page 10 of the N. P. Ex. is $3,291,785. The passenger operating expenses as computed on plaintiff's Ex. "26" is $999,381. The total railway operating expenses applicable to Washington intrastate traffic was $4,291,000 plus, the total of the above two items. In those cases, with respect to freight service (St. 426). I have used the N. P. figures. I added the adjusting figure which is shown in N. P. Ex's. "7", pages "4" and "5", which is due to the foreign commerce and switching charges. The net increase shown there was $3,698, whereas the increase was $3,688, which gave a total operating expense applicable to Washington intrastate traffic of $4,294,000 plus. I have noted by starring the $3,688, the error.

Plaintiff's Ex. "28" is the exhibit that Mr. Peterson just testified to.

Plaintiff's Ex. "29" is a computation of taxes apportionable to Washington intrastate operations as deduced from defendant's figures. You ask me to explain that generally. I found the percentages set forth in lines "D" and "E" (St. 427). The percentage of 15.91% is apportionable for passenger service, and "E", the percentage apportionable to freight service. I then set forth in line "F" the total taxes levied for the year 1933 (St. 428) as reported in N. P. Ex. "7", p. 7. I then reduced that by the amount shown on Plaintiff's Ex. "28". And then found that the net amount of ad valorem taxes payable by the N. P. on the Washington operating property for 1933 was as shown in line "H", $1,777,000 plus. Having determined that net amount, I ap- [fol. 285] portioned it between freight and passenger operations on the basis of the ratio shown in lines "D" and "E". I then apportioned the taxes as between intrastate freight service and interstate freight service on the ratio of intrastate freight car miles to the total of intra and interstate for the test period as shown on page 13 of N. P. Exhibit No. "7". That was 42.30%. You ask how I computed the taxes apportionable to intrastate freight operations. I applied that percentage of 42.30% to the $1,494,000 in line "I" and arrived at the figure $632,227. You ask how I arrived at the amount which I apportioned to passenger service. On the basis of passenger revenue as shown on Plain-

tiff's Ex. "25", the ratio of 31.80 in line "O" applied to $282,787 (St. 429) on line "J" produces the amount of $89,926. I then added the taxes apportionable to intrastate freight and passenger operations and get the figure shown in line "Q". Then I aded to that the other taxes apportioned to Washington intrastate, as shown by N. P. Ex. "7". The total amount then of taxes apportionable to Washington intrastate operation is shown to be the last figure, $735,389. You ask if I consider this a proper way from the available data to apportion the taxes to the intrastate passenger and freight operations. Yes. You ask if I consider it a fairer way to the state of Washington, in determining the earnings as to intrastate operations, than the method used in N. P. Ex. "7", page 7, which is based purely on revenues from the two operations. Yes. You ask why. Well, as I stated previously, the taxes apportioned to passenger train service were based on passenger miles (St. 430). I apportioned the taxes as between freight and passenger on the basis of car miles, which reflects the use of the property. I used relative car and locomotive miles as be-
[fol. 286] tween freight and passenger originally and then as between intra and interstate freight I used relative freight car miles. That is, relative use as distinguished from relative revenues. You ask whether in my opinion the taxes should be apportioned on a factor reflecting relative use rather than relative revenues, (St. 431). I think they should be apportioned on a relative use factor. Relative car miles is the only available factor you had for that purpose in considering the N. P. study.

Plaintiff's Ex. "30" is a restatement of the railway operating income from Washington intrastate income operations comparable with page 1 of N. P. Ex. "7". I show first the total revenues, which is the same figure shown on the N. P. Exhibit. Operating expenses are taken from our Exhibit "27", after adjustments as to railway operating expenses incident to passenger service and foreign commerce and switching as computed by the defendant. I then get a net figure which is line 2 subtracted from line 1. I then apportion the railway taxes as found by me on Ex. "29". I then arrive at what I call railway operating income amounting to $241,000 plus. That is a black figure.

The purpose of Plaintiff's Ex. "31" is to show the difference resulting from using the expenses incident to maintenance of way and structures for one year, for the year 1933,

instead of taking a 3 year average. In doing this first of all I used the amounts apportioned by the defendant to the 2 divisions, the Idaho and Tacoma, and arrived at the percentages of the total, which is lines "A" to "E". And then on line "F" I find the total maintenance of way and structures expense for the year 1933 only (St. 433) as reported by the D. P. W. and reference is made to where they are found. That is the figure on the vertical column "Z". [fol. 287] Then to find the amount that should be apportioned to the Idaho and Tacoma divisions, I apportioned on the basis as shown on lines "D" and "E", applying that to the total shown in column "Z". To find, for instance, the amount apportionable to the Idaho division. The figure shown in line "G", that is, the Idaho division, is the amount in line "F" multiplied by 32.70. In "H" I take the fraction shown in line "E" and multiply that by the total shown in "F". I have now apportioned the expenses for the year 1933 as between the Idaho and Tacoma divisions (St. 434). I then proceed to make a reduction of the amounts used in the terminal studies on the basis of the percentage of 1.918 as used by the defendant. To do that, I multiply the amount shown in line "G" for instance, as to the Idaho division, by 1.918 and arrive at the figure, $7,467. To find the Tacoma division proportion I multiply the amount shown in line "H" by that same fraction, and then add the first 2 amounts to get the total. I arrive at the amount that is deducted by defendants as amounts involving terminal studies, by taking the relation of the three year average of $1,189,000 to $1,526,000. That gives me the fraction shown in line "K". In doing that I assumed that the N. P., in making its calculations in the terminal studies, used the three-year average as far as the expense of maintenance are concerned. That amount was taken from page 19, N. P. Ex. "7", third column, which is divided as to the Idaho and Tacoma divisions. I multiplied the amounts they showed by this fraction of 77.88%, and then to reach line "O" I deducted the relative amounts shown in lines "L", "M" and "N" from the amount for the week as shown in line "I". I have thus gotten the total maintenance of way and structures freight expense for the week by using the amount shown for 1933 only, instead of taking the three year average, as the figure shown in line "O", and as [fol. 288] compared with the fourth item shown in line 19 of Exhibit "7". I then apportion that as between intra and

interstate services by using the same percentages as appear on page 19, N. P. Ex. "7", which is relative car miles (St. 436). And I apply the fraction 22.17 to the figure just above it in line "O", and reach the figure for intrastate service of $1,454,000 plus. To reach the next figure in vertical column "Y", line 2, intrastate, I multiply the $12,000 plus in line "O" by 55.34%, and arrive at a figure of $7,178. I then deducted the amounts shown on that first line, intrastate, line 2, from the amounts shown on line "O" and arrived at the interstate amount shown underneath. I thus find the total intra-state expense as to maintenance of way using the figures only for one year instead of three years to be $8,724.02, for the two division (St. 437).

Plaintiff's Ex. "32" is the same kind of a study only applied to the freight train car repairs, wherein the defendant used a three-year average. That is, freight train car repairs, and the depreciation and retirements. I used the expenses for 1933 only, whereas the N. P. uses the three-year average for freight train car repairs, and the reported item for depreciation and retirements for the year 1933 only (St. 437). Line "D" is the total of lines "A", "B" and "C". You ask how I find the total for the one week. It is apportioned on that percentage basis of 1.918 as used in N. P. Exhibit "7"-page 14, and I arrive at the figures shown in line "F". I apportion that item as between interstate and intrastate on the relative car mileage basis as shown on Exhibit "7", page 13. The percentage, 42.30%, is the same percentage they used. Then I arrive at the figure on line "H" of $8,372 plus.

Plaintiff's Ex. "33" is an analysis of operating expenses as applicable to Washington intrastate freight traffic for the week October 22, 1933, as compared with N. P. Ex. "7", page 12, as corrected or modified by Plaintiff's Exhibits [fol. 289] "31" and "32" (St. 438). Instead of the figure reached by the N. P., I reach a figure of $71,420.83, as compared with $75,078.42.

Plaintiff's Exhibit "34" is a modification or correction of N. P. Ex. "7", page 10, to conform to Plaintiff's Ex. "33". Item "A" is the total on Plaintiff's Ex. "33". The revenue net ton miles is the figure used for the test week, and appears on page 10 of N. P. Ex. "7". To get the operating cost per net ton mile I divided the ton miles into expense. Line "D" is the study for the entire year. That

figure is taken from the report to the D. P. W., page 906, item 94.. That is used by the N. P. in its study on page 10, N. P. Ex. "7" (St. 439). Line "E" is a repetition of line "C". To find the amount set forth in line "F" I multiply the revenue net ton miles by the operating expense per revenue net ton mile as figured in lines "D" and "E", and reach the figure of $3,131,429 in line "F" (St. 440).

Plaintiff's Ex. "35" is a computation made to show the operating ratio as to Washington interstate freight traffic for 1933. I first set forth in Line "A" the freight revenues as shown on Plaintiff's Exhibit "25" as given to me by Mr. Peterson, the total in the fourth column. Then, to reach the operating expenses in freight service I took the figure that was reported to the D. P. W. on page 707 in columns "C" and "E". The total of the two is $8,002,333. Then, to reach the figure set forth in "C", which is the total operating expenses in Washington as to intrastate freight service as computed by defendant, I took the figure as shown in line "F", Plaintiff's Ex. "34" (St. 440). Deducting the *the* amount of $3,131,000 from the $8,002,000 gives the total operating expense in Washington as to interstate freight service of $4,870,904. I find the operating ratio to be 91.20. I have, so far as I could, in making that computation, used the operating expenses for the year 1933 only. I have not taken the average for any other period [fol. 290] of years, rather than the one year, so far as I know.

Plaintiff's Ex. "36" is a modification of N. P. Ex. "7", pages 4 and 5, to show the results of using operating expenses incident to freight train car repairs and maintenance of way and structures for 1933 only, instead of the average for three years. You ask in what way that differs from N. P. Ex. "7", pages 4 and 5. Why, the difference there is the difference that appears in line "F", which is a figure taken from Plaintiff's Exhibit "34", showing the total freight operating expenses on the basis of the exhibit, and the application of the operating ratio. To get the operating ratio as to intrastate freight service connected with account No. 101 I divided the figure in line "F" by the figure in line "E", and reached an operating ratio of 64.74, as compared with 68.06. In the computations in lines "H", "I" and "J" I arrive at the figure which I use by applying the operating ratio at which I have arrived, of 64.74,

instead of the operating ratio found by the N. P. in its exhibit. Line "K-1" is merely a repetition of line "F", and is the total freight expense as used in connection with account 101. "K-2" and "K-3" are the adjustments appearing in lines "I" and "J", and the total of those two items is $242,792. I have deducted from that amount the reduction in expenses incident to foreign commerce, and by the application of the 64.74 ratio, and reach a net figure of $3,509, which was deducted from the item appearing on line "K-1" which produces a total of $3,127,920 as the total freight operating expense incident to intrastate freight operations in Washington. Line "L" shows the railway operating expenses incident to intrastate freight traffic as computed by the N. P. in Exhibit "7", pages 4 and 5, which is $3,295,483. Line "M" shows the net reduction resulting from your computations as compared with the N. P. com- [fol. 291] putations of $167,563, net reduction in railway operating expenses. That reduction results entirely from my using a one-year average of operating expenses incident to maintenance of way and structures and freight train car repairs expense instead of using a three-year average (St. 443). I have already shown the railway operating income on intrastate operations on Exhibit "30" to be $241,650, to which I added these savings in operating expenses to reach the amount of $409,213 shown in line "O", as railway operating income as to freight and passenger for the year 1933 as to intrastate business only (St. 444).

Plaintiff's Ex. "37" shows the reduction in operating expenses as to Washington 1933 intrastate traffic if the expense item for pensions is eliminated. I first find the total expenses incident to freight service and the total incident to passenger service and add those together and get your third item of $4,706,850, and then you found the proportionate amounts of the two amounts of expense. I find that the expenses incident to intrastate freight service is 41.18% of the total, and the operating expense of intrastate freight traffic is 58.82% of the total (St. 444). I then pick out the item "pensions" from the operating expense as reported to the D. P. W., and find the total for freight to be $194,000 plus and for passenger, $73,000 plus, and the total for both services to be $267,954. I apportioned those as between intrastate freight and passenger on the basis shown above

in the third and fourth lines. If you eliminate the charge of expense as to pensions from the railway operating expenses incident to Washington 1933 intrastate traffic, both freight and passenger, the total amount eliminated would be $103,471 (St. 445).

Plaintiff's Ex. "38" is a statement to show the railway operating revenues and taxes and the apportionment of taxes on the basis of revenues allocated to the state, treating all state and federal taxes as system expense (St. 445). [fol. 292] I find the relation of the total taxes accrued as shown by the reports, both state and federal, to the total operating revenues of the company for the year, and find that the company pays out 12.365% of its system revenues in taxes. Then I find the amount of taxes apportionable to intrastate freight and intrastate passenger service by multiplying the total revenues received from those services by this 12.365%, and then add to that the Washington filing fees, reaching a total of $657,039, which is subject to a correction due to contributions by tenant lines over the entire system (St. 446). The figures reached in this exhibit are not included in any way in the computations by which I have reached the amount of railway operating income as shown on Plaintiff's Ex. "30" or "36" (St. 447).

The general purpose of Plaintiff's Ex. "39" is to show what the revenue, the operating revenues, in Washington would be if the operating ratio as to intrastate operations is the same as the operating ratio as to interstate operation in Washington. To compute that amount I first find the total amount of operating expenses incident to both services, intra and interstate, which is in line "A" taken from the report submitted to the D. P. W. (St. 447). In Line "B" I show the railway operating expenses on 1933 Washington intrastate freight traffic as shown in Plaintiff's Exhibit "36," line "K-5." To find the railway operating expenses incident to interstate, I deduct the amount in line "B" from the amount in line "A." Then in line "D" I show the operating ratio to be 64.74 as shown in Plaintiff's Ex. "36," line "G." I then find the total amount of railway operating revenues which have to be apportioned to Washington on its interstate freight traffic in order that its operating ratio will be the same on the interstate as on its intrastate by raising the amount in line "C" to 100%; i. e., by dividing "C" by "D," and multiplying by

[fol. 293] 100. The amount shown in line "F" is the railway operating revenue in Washington from intrastate freight traffic. In line "G" I show the reported passenger operating revenues, as shown in Exhibit "25," and then add the three items together to show the total (St. 448) of $13,722,554 as compared with the reported figure of $12,064,954. Those computations are based upon the assumption that the operating ratio on interstate business is no greater or is the same as that on intrastate business as computed by me (St. 449).

By Plaintiff's Ex. "40" I am proposing to apportion the ad valorem taxes payable by the defendant on its operating property for the year 1933 on the revenue basis, but instead of using the reported item of twelve odd million dollars I use the computed item being the total shown at the bottom of Exhibit "39." I find that the taxes less the amount contributed by tenant lines is 12.953% of the computed operating revenue shown in line "A" which is carried forward from the preceding exhibit (St. 450). Then in line "F" I show the total intrastate freight and passenger revenues as shown by N. P. Ex. "7," page 4, and to find the taxes applicable, I multiply this amount by the percentage shown in line "E," reaching the figure of $682,868. To that I add the other taxes as shown, i. e., the filing fee of the D. P. W. and Washington's proportion of Federal taxes, showing the total taxes apportionable to be $696,104.

I did not use that total figure in arriving at my results as to railway operating income as shown in Plaintiff's Exhibit "30" and Plaintiff's Exhibit "36." I used the higher figure of $735,389 (St. 450).

Plaintiff's Ex. "41" is the revenue per ton mile of freight hauled in Washington in 1933, interstate and intrastate and the percentage of difference between interstate and intra-
[fol. 294] state, the underlying figures all of which are taken from the report (St. 450) to the D. P. W. as indicated. I find the revenue per ton mile on intrastate freight in Washington to be the amount shown in line "C," or 1.446 cents, and on interstate to be 1.053 cents (Line "H"), and that the revenue per ton mile on intrastate freight exceeds that on interstate by 37.32% (St. 451).

Plaintiff's Ex. "42" is a similar calculation as to the revenue per passenger mile, intrastate and interstate. It

is correct (St. 451). The revenue per passenger mile on interstate is found to be 22.83% higher than on intrastate (St. 452).

Plaintiff's Ex. "43" is a comparison of aggregate taxes payable by certain interstate railroad companies under revenue laws in force prior and subsequent to 40-mill and other limitation acts, comparing the year 1932 with 1933. 1932 was the last year that there was an unlimited millage. After that the 40-mill tax law and other limitation acts applied. The comparison is made for the transcontinental lines, the N. P., G. N., O. W. and Milwaukee (St. 452). The first line "A" shows the total ad valorem taxes levied in 1932 payable in 1933 as to these four lines and the total. There were changes in valuations in 1933 as compared with 1932, and there was also a settlement of the N. P. tax case. And so that there had to be an adjustment according to equalized values. In line "B-1" is shown the taxes, the valuations or rather the equalized assessed valuations for each of the roads for the year 1932, and in line "B-2" I show the same for the year 1933 as to each road (St. 453). In line "C" I show the ratio of the one to the other for the purpose of harmonizing the showing as to 1932 with 1933. So that I find in line "D" the total ad valorem taxes that would have been payable for 1933 on the basis of the 1932 mileage rates by multiplying line "A" by line "C." [fol. 295] In line "E" I show the total ad valorem taxes payable for 1933 levied under 40-mill and other limitation acts under the laws in force in 1933. Those were the actual taxes levied, and not the accrued taxes (St. 454). Line "F" shows the total amount of occupational taxes payable for 1933 had the same been imposed for that entire year. That was computed on the basis of 1½% applied to the railway freight revenues less the mail revenues, intrastate only, as reported to the Tax Commission on page 22 of the Tax Commission report. That would be the maximum amount of occupational tax that could possibly be payable by these various companies for that year after excluding mail revenue. Line "G" is the total of lines "E" and "F," being the sum of the occupational tax if it had been imposed for the whole of the year 1933, and the ad valorem (St. 455) taxes which were actually imposed for the year 1933. In line "H" I attempt to show the net savings in total taxes ad valorem and occupational which the named

companies would thus have realized in 1933 under this new tax plan resulting from the enactment of these new limitation acts, and that was based on the application of the occupational tax to the full year's business. I had to use that in order to make a comparable showing, because I did not have the revenues by months. To find this net savings I deducted the figures in line "D" from the figures in line "G."

What I have stated heretofore relates to all taxes, state, county and all ad valorem taxes paid by the company. I now come to what taxes, if any, have been paid so far as taxes imposed for state purposes alone are concerned. Line "I" shows the ad valorem taxes for state purposes which would have been levied for 1933 under revenue laws in force prior to the 40-mill and other limitation acts. You [fol. 296] ask how I found that. Well, each year I am required to make up a statement to the State Board of Equalization showing amounts required for the various funds to be levied by the State Board of Equalization for the tax rolls of that year, and they millage requirements were used there and applied to the valuations to produce the amount shown on line "I." The "other limitation acts" referred to in the exhibit is the Showalter Bill which has a limitation of 5 mills on the state school fund levy. I took that into consideration. Line "J" shows the actual amount levied under the 40-mill and other limitation acts. That is the actual amount I did levy (St. 457). Line "K" is a mere repetition of line "F." Line "L" shows the total ad valorem taxes for state purposes for 1933 as actually imposed plus the total amount of occupational taxes which would have been payable for the whole year 1933 if the law had been in force during all of that period. Then in Line "M" I show the net savings in total taxes for state purposes alone, both ad valorem and occupational, which the named companies would have realized in 1933 under the new tax plan, and I reach that figure by deducting line "I" from line "L."

Plaintiff's Ex. "44" purports to be a comparison of aggregate taxes payable by certain interstate railway companies under revenue laws in force prior and subsequent to the 40-mill and other limitation acts. This is 1932 as compared with 1934, as to the same railroads covered in Ex. "43." It is made in the same manner as Ex. "43"

(St. 459). For the purpose of computing occupational taxes I have assumed that the taxable income of these various roads would be the same for 1934 as for the whole of the year 1933.

Plaintiff's Ex. "45" is a work sheet showing how the figures on exhibits "43" and "44" were computed and [fol. 297] applied. The exhibit is self-explanatory. All statements on it are correct (St. 461).

On cross-examination he further testified as follows:

You ask what the amount charged for a railroad ticket has to do with the expense that is incurred in carrying that passenger.

I don't think there is any relation. You could change your passenger rates ad libitum without in the slightest degree changing the expense of operating the passenger train either up or down. Whether your rate was three cents a mile or one cent a mile, the expenses would be the same if your operations were the same. The fact is that the number of miles the train runs has an important bearing on the expense of that train. The mail and express revenue which I have included in the passenger revenue amounts to about $463,000. All of that is assigned in the account to interstate. Undoubtedly some part of that belongs to the local business. I assigned it all to interstate because no other figures were available (St. 463). I think I know what deferred maintenance it. You ask if there has been such a thing as deferred maintenance during this depression. Not to my knowledge. I don't know anything about railroad operations so far as maintenance is concerned. The maintenance item varies from year to year. Some years you spend more and some less (St. 464). We show a return on exhibit "30" of $241,650. Mr. Peterson shows a loss on sheet 1, Ex. "7", of $413,866 (St. 465). You ask if I don't think the fact that the revenue per passenger mile is greater on interstate than on local business is due to the fact that the railroads have been trying to meet this bus and stage competition on short hauls and it would greatly reduce the rates. I don't know what it is due to. Those are computations made from the figures as reported. I didn't analyze the reason. That might be an explanation (St. 467).

[fol. 298] On redirect examination he further testified as follows:

You ask whether I would say, if I had nothing else to go by, there would be any relation between relative revenues from given services and the relative expense incident to such services. I think passenger train revenues in this instance more clearly reflects or represents the use made of passenger train service. You ask why. Well, because they are allied services here and various services that are common on passenger trains, such as a revenue derived from excess baggage, sleeping car, parlor and chair car, passnger train, milk, dining and (St. 468) buffet, hotel and restaurant, station, train and boat privilege, parcel room, etc. Mail and express should also be included. I don't know whether there is some mail and express which is purely intrastate, but I think that there is,—might be. I don't know whether there is or not, no rthe extent of it. I am using the figures submitted by the railroad company exclusively in making this computation.

On recross-examination he further testified as follows:

You ask if all I know about this matter is what I got from the defendant's exhibits. No, from the reports to the D. P. W. and the I. C. C. and the reports to the Tax Commission. (Question by plaintiff's counsel.) I did not have access to defendant's books in St. Paul. (Question by defendant's counsel.) I never asked for access (St. 470).

You ask if it is not true that the 40-mill law reducing real and personal property taxes in the state did not confer any peculiar benefits upon railroads any more than it did on any other property. No, I don't think that is true (St. 509). You ask what peculiar benefits it conferred on railroads. I think the allocation of real estate values as found by the State Board of Equalization to taxing districts on a mileage basis, as provided by the acts for distribution of [fol. 299] railroad valuation, throws a lesser value in the high levy taxing district than it does in the low taxing district, and that the valuations so allocated, for instance, to the City of Seattle or the County of King, with large terminals, does not reflect or does not correspond to the actual value of other real property within the city, and to the extent of that particular taxing district the railroad property

would bear a lesser (St. 510) burden than other real estate in that district. The law provides for the allocation, but not the 40-mill law. Such benefit, if any, existed before there was any 40-mill limit. You ask if it is a fact that the 40-mill law conferred no special benefits upon railroad or other property. Not any more than enjoyed previously, and would enjoy again if there was no 40-mill limit, if the same method of allocation was followed as is followed now. That method of allocation is provided by some other statute. There is no occupational tax levied directly upon real property (St. 511).

On redirect examination he further testified as follows:

The 40-mill limit law is not an absolute limit of all taxes to 40 mills. The tax levies range all the way from the thirties up to, I think, the highest was in Grays Harbor, 106 or 104 mills on the assessed valuation. You ask how it happens that you can levy more than 40 mills. Due to the 40-mill tax law, providing for bonded indebtedness, warrant indebtedness and interest retirement. I know there is a heavy bonded indebtedness in certain cities and taxing districts. I don't know the amount. The full amount of levy for those purposes, so far as the property in those big centers is concerned, is unaffected by the 40-mill limit, so far as the levies for the payment of these bonds and the [fol. 300] retirement of these bonds is concerned (St. 512). The N. P. would not profit any more now than it did previous to the 40-mill limit law. I mean by that that the allocation of the property valuations, for instance of the N. P., is made on the same basis as it was previously made, and that as long as the Act is in effect we would continue to allocate that value to taxing districts irrespective of the actual value of the property within the district, such as I mean in Seattle, for instance where we allocate on a mileage basis. The same value or the same rate per mile is alocated to property within the City of Seattle as is allocated, for instance, to—oh, we will take Kittitas County or any other county through which the main line runs, and it gives no effect to the intensive terminal properties within the city or county or wherever the terminal properties are located. I think that business property, hotels and apartment houses and things of that kind are paying proportionately more on the value of their property within the cities than the railroad companies are paying (St. 513).

(Question by defendant's counsel.) You ask if I mean, according to my idea of the value of railroad property. Well, as fixed by the State Board of Equalization (St. 514).

Plaintiff's Exhibits "47", "48", "49", "50" and "51" were received in evidence (St. 471). Thereupon counsel for defendant read into the record the following:

"Seattle Washington, March 12, 1934.

To the State Tax Commission, Olympia, Washington:

The undersigned challenges the validity of Chapter 191, Laws 1933 of Washington as amended, and the privilege [fol. 301] tax imposed thereby against it and upon its revenue, upon the ground that the same constitutes an unlawful exaction against it in violation of the Constitution of the State of Washington and the Constitution and laws of the United States, and the filing of this return pursuant thereto is the involuntary act of the undersigned and made under protest to avoid imposition of penalty threatened by said act. In making this return the undersigned does not waive any defense or challenge that it may properly assert against the statute as amended, or the enforcement thereof, and hereby reserves the right to assert the invalidity of said act and any tax that may be assessed against the undersigned under this return.

Northern Pacific Railway Company, (Signed) by L. B. Daponte, Western Counsel" (St. 472).

Thereupon it was admitted by counsel for defendant that no part of the occupational taxes for which this action was brought has ever been paid (St. 473).

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A. S. Edmonds, called and sworn as a witness for plaintiff, testified as follows:

I reside in Portland and have been assistant traffic manager of the Union Pacific System for about 13 years. You ask if I have ever had occasion to study the problem of divisions between connecting carriers on inter-line shipments. Yes, in my present capacity and previously. You ask if I assisted in fixing the divisions of revenue in inter-line traffic as to the Union Pacific, the Oregon Short Line and the O.-W. Yes. That is to say, before they were finally approved they

were submitted to me for my approval and I then examined them and concurred in them. The Union Pacific consists of: the O.-W., Oregon Short Line, Union Pacific Railroad, Los Angeles and Salt Lake Railroad and, in some degree, the St. Jo and Grand Island (St. 474). The O.-W. consists of a line from Seattle to Huntington on the border lines between Idaho and Oregon. From an east and west standpoint, that substantially corresponds roughly with the lo- [fol. 302] cation of Spokane on the G. N. and N. P. Then we have a line from Spokane to a connection with the main line at several points, Pendleton, Umatilla, Mesner and the various branches. You ask if this system corresponds roughly with the N. P. system west of Spokane, serving Oregon and parts of Washington. Oh, substantially so, yes. They don't serve the same territory in detail by any manner of means. You say you are speaking of the east and west locations and the character of service as to the territory covered. That is about right. The Oregon Short Line consists mainly of the main line running from Huntington, Oregon to Granger, Wyoming, with a north and south line running from Butte, Montana, to Salt Lake City and Ogden, Utah and various branches. The Union Pacific Railroad Company consists of a main line approximately one thousand miles long from Council Bluffs to Ogden with various branches. It goes to Ogden; and a main line from Kansas City out to (St. 475) Denver and various branches. The majority of the traffic is handled over the main line between Ogden and Council Bluffs. On a shipment of lumber from Portland to Chicago, you ask what would be the ordinary routing of that shipment if the routing was controlled by the Union Pacific Company. Through Huntington, Granger, Council Bluffs, and there we deliver to our connection. Council Bluffs is on the west side of the Missouri River. You ask over what road we ship, say between Omaha or Council Bluffs and Chicago. Over the C. G. & W., The Burlington, Northwestern, and Illinois Central. The Northwestern is the preferred connection. You ask how the distance between Omaha and Chicago, as to shipments between Chicago and Portland over the Union Pacific system via the Northwestern, say, compares with the shipments from Portland to Chicago via the N. P. and St. Paul (St. [fol. 303] 476). About the same. It is approximately the same between St. Paul and Chicago and Omaha and Chi-

cago. That depends on what line you use, either between the Twin Cities and Chicago or between Council Bluffs and Chicago. You ask whether, with respect to the three lines, two terminal lines and intermediate line, I would say there was any general principal in regard to the apportionment of inter-line revenue as between those lines of that kind, the connecting lines of that kind as to inter-line shipment. The bases most generally used has been a mileage pro rate with a minimum of 25% to any line, whether the terminal line or the intermediate line. The local rate is the maximum generally, yes (St. 477). It might be less than 25%, depending on the agreement of the parties. These divisions would apply both west and east, to traffic going in both directions. As a rule the short line would get the 25% minimum whether it received the traffic or originated the traffic (St. 478). I would say generally that one hundred per cent of the O.-W. stock is controlled by the Short Line, and all but about fifteen hundred shares of the Short Line is controlled by the Union Pacific Railroad. That has been true for a number of years, so far as I know. You ask me to give you the divisions on interline shipments between the O.-W. and the Oregon Short Line (O. S. L.), both east and west. The O.-W. receives on their traffic interchange fifty-three percent, whether east or west bound; the Short Line forty-seven percent. The O.-W. proportion would include allowances made by us to Camas Prairie and any of the water lines that operate, more particularly the line on the Snake River. The Camas Prairie Line extends between Reparia and Grangeville with a branch running to Stites, [fol. 304] Idaho, and from there to a place known as Headquarters, north from Orphena. It extends into Washington at Reparia. The physical property of that road is largely owned share and share alike by the N. P. and O.-W. (St. 479). If the O.-W. received a shipment from some other line, say the N. P., at Portland or some other point, that line would receive a contribution out of the joint rate, which would generally be deducted before we pro-rated with our own system lines on these percentages that we are talking about (St. 480). We would first pay them and then apportion the balance 53 and 47. The same thing would generally be true if the shipment originated on the O. S. L. from some line other than the U. P. You ask what the divisions are between the O.-W., the O. S. L., and the U. P. as

to traffic between points on the O.-W. and the U. P. The O.-W. 35%, O. S. L. 27%, and U. P. 38%. In other words, on a shipment between Portland and Omaha, the O.-W. would receive 35% of the revenue, the O. S. L. 27% and the U. P. 38%. Roughly, the distance from Portland to Huntington is 390 miles approximately, from Huntington and Granger, 541 miles, and between Granger ond Omaha, about 840 or 844. The distance from Huntington to Portland is about 20 miles in excess of the distance between Portland and Spokane (St. 481). Those divisions apply whether eastbound or westbound; in whichever direction the business goes. Those divisions were effective about September 1, 1923 (St. 482). The 35% to the O.-W. is no more than it got as an independent company. When I concurred in them I stated they were substantially as high as I could negotiate if we were an independent carrier (St. 484). You ask if the division results in the O.-W. receiving more than a mileage pro-rate. On the average I would say we do not. You must remember, for example, that we get only 35% on the business originating in Portland; we likewise get 35% on business originating in Seattle or destined to [fol. 305] Seattle. Similarly we get 53% on business originating at Weiser and coming to Portland where it is nothing like 53% or, indeed, 30% of the mileage. On the other hand, on our lumber business originating at Baker and going to points on the Short Line, Salt Lake and Ogden, where we had considerable movement, we get nothing like 25%. We wouldn't get anything like 25% under the old arrangement. We got more than 25% in that divisional base, of course. On business from Portland and Portland to Omaha we get considerably more than a mileage pro-rate (St. 485). We would get about 30% on a mileage pro-rate from Seattle to Omaha. On shipments to Omaha, we would get slightly less on a mileage pro-rate, even on the longest haul, than under the present divisions. We would also get a good deal more on a mileage pro-rate on the lumber business we handled to Cheyenne, Laramie and Denver. You ask if there is not a particularly large volume of business flowing between Portland and Omaha and points east. No, not a great deal. If you eliminate perishables and lumber and even a substantial quantity of both of those is moving through the canal that we formerly handled. Our transcontinental tonnage, whether going to the Missouri River or

east thereof, is substantially lighter in both directions than it ever has been. You ask whether or not the lines, mileages between various points, and percentages indicated as to revenue and the various divisions indicated on plaintiff's Ex. "52" are correct. I didn't prepare the statements, but I would say they are substantially correct. The words "revenue 25%" on the line extending from Portland to Spokane and from Spokane to St. Paul via Chicago, Milwau-
[fol. 306] kee, means that the O.-W.'s proportion of the revenue on traffic moving from Portland to St. Paul would be 25% according to its divisions with the Milwaukee. (Question by defendant's counsel.) You ask if I know whether those things are correct. I don't know that the mileage is correct. The divisions are. (Questions by plaintiff's counsel.) It is 368 and a fraction miles from Portland to Spokane over our line. I don't know whether Exhibit "52" is taken from our actual distance tables or from our mileage books. There would be some variations because the distances are between different terminals. You ask if the 20.11% indicates the relation between 370 miles and the total distance between Portland and St. Paul via the Milwaukee Road. I don't know as to that, I didn't make the figures, but that is the intention of it, certainly. It applies also as to the G. N. (St. 488). So far as divisions are concerned, those are the correct ones (St. 489).

(Whereupon plaintiff's Ex. "52" was received in evidence. St. 489. The witness then continued:)

You ask if I really know whether the divisions between the O.-W., O. S. L. and U. P. yield to the O.-W. more or less than a mileage pro-rate. No, not as a whole. It would take millions and millions of calculations, because, to figure that out, you would have to take every pound of freight that moved from or to a point on the O.-W. and figure the individual shipments on that individual road. We are getting from the Short Line a very much less revenue on a very heavy traffic, for example, our wheat traffic, from western Idaho, than we would get from a mileage pro rate. It is one of the heaviest traffics we have (St. 491).

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E. V. Peterson, called as a witness for defendant in surrebuttal, testified as follows:

[fol. 307] Sheet 2 of defendant's Ex. "53" is a statement showing the effect if allowances be made in the passenger proportion of operating expense for the proportion of the mail and express revenue and indicates that if the (St. 492) proportion of the intra-state revenue passenger miles to the passenger miles in the state be applied to the total mail and express revenue as shown for the state of Washington, that the amounts applied to intra-state would be $221,359 and would reduce the amount as previously reported from $1,500,957 to $1,279,598. The effect of that is to allow credit for the local traffic in Washington for a proportion of the mail and express revenue. I have allowed 47.76% being on the base of revenue, intra-state revenue passenger miles. You ask if I think that is fair and correct. Why, I think it is not only fair and correct, but I think, myself, that it is rather favorable to the intra-state traffic in view of the large movement of interstate service for mail and express.

Sheet 3 of the same exhibit is a redivision of the Washington State tax and operating property. Making an allowance for the amounts billed versus tenant lines, billed against tenant lines for taxes on joint property and, with that deduction, we show an amount of $1,767,716; as applying to the 11.33 Washington State tax, an addition has been made for the tax as paid to other companies on joint property, making the total to be divided $1,789,050. This amount is then apportioned between freight and passenger on the relation of operating expense, freight and passenger in the State of Washington as indicated and the freight (St. 493) proportion assigned to Washington intra-state is on the basis of the revenue net ton miles, intra-state traffic to the total revenue net ton miles of the state for the year [fol. 308] 1933. Similarly, for passenger we have applied as Washington intra-state the proportion of the percentage of 47.76%, which is based on the relation of the passenger miles intra-state to the total passenger miles. An addition has been made for the filing fee as paid to the D. P. W. of $5,272 and also the proportion of the Federal tax on relation of the Washington intra-state revenue to the system, operating revenue has been included, and the latter item is $8,066, making a total assessment of $766,309. That would be comparable to the amount of $735,389 shown in plaintiff's Ex. "29".

Sheet 4 is a restatement of a portion of the previous exhibit "7", as introduced by defendants; a revision has been made due to the fact that the tax collected from tenants and also tax paid to other lines has been eliminated. That reduces the amount of the joint facilities rent, when I take out the tax. The amount now shown on sheet 4 is $484,890 as compared with $582,774 shown by defendant's Ex. "7", pages 2 and 8.

Sheet 1 is a summary of the amounts, that is, shows the result of the adjustments I have referred to, and corresponds to sheet 1 of Ex. "7". Those allowances to the intra-state business, if made, would reduce the deficit shown on Ex. "7", page 1, of $413,866, to $69,497.

I have looked at plaintiff's Exs. "25" to "45" casually. I haven't made a very thorough survey. You ask what I have to say as to the method used on page 2 of Ex. "26" in apportioning the passenger expense. I don't think it is a proper base for this reason: the carrier has experienced a loss of passenger revenue, perhaps more on local business than on interstate and it is quite noticeable that in the last four years the revenue per passenger mile on intra-
[fol. 309] state service has been somewhat less than that for interstate service. Prior to 1929 the reverse was true. That is, the rate per passenger mile on intra-state was somewhat in excess of that for interstate. The idea is that we have a case where we are rendering a certain specific service in transporting passengers and if bus competition makes it necessary to reduce our rates on local business, it doesn't necessarily reduce the cost of doing that business and, therefore, I think the unit for passenger miles is preferable to the matter of revenue itself and another thing, the fact of inclusion of mail and express revenue as interstate, of course, has the effect of only placing a small portion of the expense against the intra-state traffic as shown by the percentage of 31.6 in the exhibit, I believe. Revenue reflects the rate charged for passenger traffic (St. 496). You ask if that has the slightest relation to the expense of doing the passenger business. Not as I see it. It couldn't possibly have any relation. You ask if you attempt to divide passenger expense on the relation of revenue, you are not using a factor which has no relation whatever to the expense. I would say so, yes. You ask if it is a fact that the passenger miles, passenger train miles, is directly

related to the expense of the passenger traffic. I would say yes, especially so in the state of Washington where the number of passengers carried are about the same for intra- and interstate as well as passenger miles (St. 497).

You ask why it is not proper to use maintenance expense for only one year. (Over plaintiff's objection.) I don't think that the maintenance charges for one year, especially at the present time when it has become necessary to defer [fol. 310] certain expenses that can be deferred, is a good measure. As a matter of fact, I don't think that the cycle of maintenance can be represented by one year even under normal conditions and this was very well recognized. That was very well recognized by the United States Government in connection with the guarantee period and also the Federal control period. In arriving at the standard return of the railroads it was provided the period was particularly specified as being the three year period ending June 30th, 1917 and the maintenance allowance for carriers in the Federal Control period likewise the guarantee period was determined on the base relationship of the expenditures on the average for the three years I mentioned. Not only that, but it is quite customary, in order to get a cycle of maintenance (St. 498) to take more than one year. Personally, I prefer a longer period than three years, were it not for the fact that, going beyond that, we get into a new economic cycle, as it were. If you go back to 1929 or 1928, the expenses are not related to present prices (St. 499).

(At this point plaintiff's counsel moved to strike the testimony of the witness in regard to why he believed that a longer period that one year should be used because such testimony would place him in the category of an expert witness on the matter, which he doesn't pose as being, he being an accountant. The motion was denied (St. 499). Whereupon the witness continued:)

The measure is like that of (St. 499) allowing the carrier to establish maintenance the way reserves are established on occasion when the amount expended did not meet the requirements of the year's accounting. Maintenance goes in cycles. Some years you spend more than others. You ask if there has been in fact, during the depression, [fol. 311] deferred maintenance. It is reflected in the accounts. The expenditures have been reduced wherever

possible. You ask if the fact that the maintenance was not actually made, doesn't prove that it wasn't incurred (St. 500).

(The following was volunteered by the witness.) It is impossible to get one week of a year that will be exact so now I find here that the net ton miles of the particular week are somewhat over 18%, 18.6% over what they would be for 1/52 of a year. As I said, it is not expected that any one week you might select would be just 1/52 of a year, but the variation is so pronounced that I fully believe, in view of that, that the application of this cost developed for one week as developed in an intra-state statement of our intra-state expense and, of course, I have not touched on that more fully before because, having in mind the passenger situation, but I wanted to bring it out now, and I think, in view of the fact that the ton miles were so great in that week and the majority of the expenses were applied on the week's basis that from some tentative figures I have prepared, that the expense could be greatly increased. I have not tried to estimate what the expenses per annum would be if this test week had been exactly 1/52 of the year. I am not taking some other week but am dividing the expense of that week so as to reflect more equally the increase of ton miles handled in that week.

(The following proceedings were then had as shown by the Statement of Facts:)

"Q. What rate per ton mile did you get, cost per ton mile?

Mr. Sharpe: Well, are you getting another week in now?

Mr. daPonte: Why don't you pay attention and you will find out?

[fol. 312] Mr. Sharpe: You mean you are taking another week?

A. No. I am dividing the expense of that week so as to reflect more equally the increase of ton miles handled in that week.

Mr. Sharpe: Well, I think this is improper now, to go and pull another week on us, or some other group of figures in rebuttal.

The Court: He may proceed.

A. I just wanted to make that statement for the record.

Mr. daPonte: Go ahead.

A. That would give a much higher cost than the expense.
Q. How much higher?

Mr. Sharpe: I object to that.

Mr. daPonte:

Q. Approximately three hundred thousand dollars?
A. Approximately that.

Mr. Sharpe: How am I to meet that kind of testimony, Your Honor?

Mr. da Ponte: Instead of using the cost for net ton mile for this test week he has taken the average cost for the entire year.

Mr. Sharpe: That is what he has done all along.

Mr. Peterson: You don't understand the (St. 502) proposition, Mr. daPonte. I have taken the per ton mile per week and applied that to the train expense and the higher expense, but on the balance of the expense of that $75,000, instead of using the ton mile for the week, I have used 1/52 of the year's ton miles on the so-called stationery expense because I had only assigned to the one week, 1/52.

Mr. daPonte:

Q. Your idea was to get the cost in a strictly average week?
A. That was the idea.
Q. Instead of the lower cost of this more favorable week.
A. That was my thought in view of the passenger situation.

Mr. daPonte: That is all."

On cross-examination he further testified as follows:

[fol. 313] I did not pick another week at all. You ask if I guessed maybe I was wrong in picking the week. No, the week happened to be one that was a little more favorable on account of using the month of October. I had made a study of this thing to find out what was a typical week when I started in. I gave what, in my opinion, was the best choice

I could make as a representative week. But you can't gauge these weeks until you get all the details of the individual traffic. That is impossible (St. 503). You can't tell until you get the figures for individual weeks. You ask me if I have to make my study first and then determine whether I hit the right week. No, not necessarily. You ask how I can tell whether I picked the right week or not unless I make a test of each of the 52 weeks you are comparing it with. The traffic for one week was normal, a little better than normal, so far as general movement was concerned, but it so happened that one week had a rather substantial movement of traffic.

You ask how much money the lines in the state of Washington realize from local mail and local express. I don't know. We know there is some, but the matter of division is a matter I can't inform you on (St. 504). I suppose that on a local train between Seattle and Grays Harbor there is an express car and a mail car. There might be a considerable amount of mail and express hauled upon that train without any local passengers being hauled. You ask if it is then not a fact that there is no reasonable relation between the number of intra-state passengers hauled on a given train and the amount of mail and express hauled on that same train. Well, the same conditions would apply perhaps to an extent on your interstate business as well as on your local business, I take it. You ask if it is not true [fol. 314] that there is no relation between the number of passenger miles represented by the passenger and the amount of mail and express hauled on the same trains (St. 505). Yes, I would say there would be a fairly reasonable relation. It wouldn't be the exact one, of course. You ask what the relation is, if there is any, between the revenue we receive for mail between Seattle and Spokane and the number of local passengers hauled on the same train. There would be the indirect, but not the direct relationship. You ask if there would be any relation between the amount of mail hauled, local mail hauled between Seattle and Spokane and the number of dead head passengers hauled. No, dead head passengers are not included in our passenger miles. You ask if it is not a fact that there wouldn't be any relation to the number of dead head passengers hauled

between Spokane and Seattle and the amount of mail hauled. Oh, no. You ask what would be the difference between the relation between the amount of local mail hauled between Spokane and Seattle and the number of pay passengers. The local pay passengers indicate the general business of that territory and if that is so, why, there would be the compensatory cost of express and mail. A lot of passengers are hauled on the bus between Spokane and Seattle. They don't haul any local mail at all. We have lost that business so far as the local business is concerned. You say we might not haul any local passengers at all on a train between Spokane and Seattle and still have to haul a lot of local mail. That is a matter to be determined by the traffic department as to what the conditions are exactly. You ask if it is not true that I don't know anything about the relation. I can't give an exact opinion of the relationship, no.

You ask if at any time I went over and examined the freight cars to determine to what extent they were main- [fol. 315] tained. No, sir. You ask if, at any time, I have gone over the right of way and the (St. 507) structures of the Northern Pacific in the state of Washington to determine whether or not those structures and that right of way were properly maintained. No, sir. I have never done it. You ask if it is not a fact that I really know nothing about it as to any one time from my own personal knowledge. I know about the general conditions from the financial standpoint. ("Q. Well, I am speaking of the actual conditions.") No, sir, absolutely not (St. 508).

(Defendant's ex. "53" was thereupon received in evidence. St. 508).

(Plaintiff's counsel thereupon agreed that defendant need not introduce in evidence the data connected with the special studies which had been brought into the court-room by defendant during the trial. St. 514.)

(It was thereupon agreed between counsel for the N. P., G. N., the State and the Court that the determination by the lower Court as to the amount of the tax would not be deemed res adjudicata against the State. St. 519.)

(Thereupon N. P. Exhibit "54" was received in evidence.)

[fol. 316] Plaintiff's Exhibit "23":

Is a copy of "The Rules Covering the Separation of Operating Expenses between Freight Service and Passenger Service on Large Steam Railways," issue of 1920, issued by the I. C. C. on December 3, 1919 (St. 187).

[fol. 317] Plaintiff's Exhibit "24":

Is a copy of the Findings of Fact and Order in Cause No. 6172, before the Department of Public Yorks of Washington, entitled "Department of Public Works of Washington, Complainant, vs. Chicago, Milwaukee, St. Paul & Pacific Railroad Company, et al., Respondents," dated June 23, 1930, and to which proceeding, the Great Northern Railway Company, and Northern Pacific Railway Company were parties. Such Findings of Fact are in part as follows:

"Respondent N. P., the principal coal carrier in Washington, presented testimony and exhibits making certain comparisons of average expenses in Washington with the average for Wisconsin, Minnesota and North Dakota where the H. & H. scale applies. These comparisons included average operating expense, cost per revenue net ton mile; freight operating expense on the 'Interstate Commerce Commission' basis per mile of road and per 100 revenue net ton mile; 'out of pocket' costs per 100 revenue net ton mile; cost of maintenance per mile of track operated; density of traffic; taxes, etc.

"All of the operating cost figures are based upon the arbitrary allocation of revenues and expenses now employed under which interstate revenues are apportioned to states on basis of a mileage pro-rate. This disregards the terminal proportion of the revenue and gives the intermediate states as great a share in proportion to mileage as the states in which the traffic originates and terminates. It gives no consideration to relative costs in different states as constitutiing any measure of relative revenue which should be apportioned to such states. Non-revenue freight or company material is a large factor in the operating costs in Washington, but under the existing plan of localization expenses to the state in which they occur, the costs of handling company freight is not distributed in proportion to their responsibility for the expenses. Absorption

of competitive switching charges on interstate traffic and many other factors also contribute to distort the facts. The carriers, apparently to protect themselves against the misuse of state statistics, incorporate a protective clause in their annual reports to state regulatory bodies. As an example, the N. P. in its annual report to this Department includes the following note (1927 report, p. 706):

" 'The statements herein, either of revenue or expenses attributed to Washington are misleading unless properly understood. They are necessarily based on arbitrary assumption as follows:

" 'Revenues contain first the revenue of business wholly local within the state and in addition a proportion of interstate revenues determined by the proportion of mileage which each interstate freight shipment or passenger is carried within the state. Charges for expenses contain first those expenses wholly incurred within the state, and in addition some mileage proportion of expenses which cannot be localized. Apportioning either such revenues or such expenses on a mileage basis is purely arbitrary and has been adopted for want of any other basis.'

[fol. 318] "Respondents contend that the present system of allocation of revenues and expenses by states is the result of instructions from this and other regulatory bodies and that they cannot use any other method under existing conditions. The whole question is now before the Commission in Ex Parte 91 'General Revision of Accounting Rules for Steam Railroads.'

"With that proceeding pending it is obvious that nothing would be accomplished by an attempt of the Department to effect any change in its rules as to these allocations. Any plan which we might suggest as being fair to Washington could not be adopted by the carriers unless it were simultaneously adopted in other states served by the Washington carriers because no change in the present formula can be enforced which when applied to all states will not total one hundred per cent of the system revenues and expenses. It is therefore necessary for the Department in considering the statistics presented by respondents, to give them such weight as is merited with due allowance for the arbitrary assumptions upon which they are constructed."

(Here follows table, side folio 319.)

[fol. 319]

PLFF'S EX. "25"

Northern Pacific Railway Company

State of Washington—Year 1933

Gross Operating Revenues

| Account | | Intrastate | | | Interstate | | | Total Intrastate & Interstate | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Freight | Passenger | Total | Freight | Passenger | Total | Freight | Passenger | Total |
| 101 | Freight | $4,836,839 | ..... | $4,836,839 | $5,316,515 | ..... | $5,316,515 | $10,153,354 | ..... | $10,153,354 |
| 102 | Passenger | ..... | $312,449 | 312,449 | ..... | $419,807 | 419,807 | ..... | $732,256 | 732,256 |
| 103 | Excess Baggage | ..... | 2,444 | 2,444 | ..... | 3,283 | 3,283 | ..... | 5,727 | 5,727 |
| 104 | Sleeping Car | ..... | 8 | 8 | ..... | 5 | 5 | ..... | 13 | 13 |
| 105 | Parlor and Chair Car | ..... | 2,838 | 2,838 | ..... | 1,061 | 1,061 | ..... | 3,899 | 3,899 |
| 106 | Mail | ..... | ..... | ..... | ..... | 332,851 | 332,851 | ..... | 332,851 | 332,851 |
| 107 | Express | ..... | ..... | ..... | ..... | 130,634 | 130,634 | ..... | 130,634 | 130,634 |
| 108 | Other Passenger Train | ..... | 5,935 | 5,935 | ..... | Dr. 8,847 | Dr. 8,847 | ..... | Dr. 2,912 | Dr. 2,912 |
| 109 | Milk | ..... | 11,036 | 11,036 | ..... | 3,896 | 3,896 | ..... | 14,932 | 14,932 |
| 110 | Switching | 371,852 | ..... | 371,852 | ..... | ..... | ..... | 371,852 | ..... | 371,852 |
| 111 | Special Service Train | 1,149 | 92 | 1,241 | 655 | 113 | 768 | 1,804 | 205 | 2,009 |
| 112 | Other Freight Train | 102,002 | ..... | 102,002 | 28 | ..... | 28 | 102,030 | ..... | 102,030 |
| 131 | Dining & Buffet | ..... | 22,427 | 22,427 | ..... | 30,131 | 30,131 | ..... | 52,558 | 52,558 |
| 132 | Hotel & Restaurant | 7,831 | 61,164 | 68,995 | ..... | ..... | ..... | 7,831 | 61,164 | 68,995 |
| 133 | Station, Train & Boat Privileges | ..... | 2,465 | 2,465 | ..... | ..... | ..... | ..... | 2,465 | 2,465 |
| 134 | Parcel Room | ..... | 3,708 | 3,708 | ..... | ..... | ..... | ..... | 3,708 | 3,708 |
| 135 | Storage—Freight | 825 | ..... | 825 | ..... | ..... | ..... | 825 | ..... | 825 |
| 136 | Storage—Baggage | ..... | 1,661 | 1,661 | ..... | ..... | ..... | ..... | 1,661 | 1,661 |
| 137 | Demurrage | 9,741 | ..... | 9,741 | ..... | ..... | ..... | 9,741 | ..... | 9,741 |
| 138 | Telegraph & Telephone | ..... | ..... | ..... | 18,179 | 7,548 | 25,727 | 18,179 | 7,548 | 25,727 |
| 142 | Rent of Bldgs. & Other Property | 5,569 | 445 | 6,014 | ..... | ..... | ..... | 5,569 | 445 | 6,014 |
| 143 | Miscellaneous | 46,504 | 3,716 | 50,220 | 12,231 | 2,109 | 14,340 | 58,735 | 5,825 | 64,560 |
| 151–152 | Joint Facility—Net Debit | 9,417 | 753 | 10,170 | 6,631 | 1,144 | 7,775 | 16,048 | 1,897 | 17,945 |
| | Total | $5,372,895 | $429,635 | $5,802,530 | $5,340,977 | $921,447 | $6,262,424 | $10,713,872 | $1,351,082 | $12,064,954 |

Revenues apportioned as follows:

Freight—All of accounts #101, 110, 112, 135 and 137, direct.
Passenger—All of accounts #102 to 109, inclusive, #131, 133, 134 and 136, direct.
Accounts #111, 138, 142, 143, 151 and 152 on basis as testified to by Mr. Peterson.
Account #132 on same basis as operating expenses.

[fol. 320] PLFF's Ex. "26"

Northern Pacific Railway Company

Allocation of Passenger Operating Expenses, for the Year 1933, to Washington Intrastate passenger traffic only

(Compare N. P. Ex. 7, page 11)

| | | |
|---|---|---|
| Expenses related solely to passenger and allied services (D. P. W. page 707, line 247, Col. "D") | | $2,020,948 |
| Expenses apportioned to passenger and allied services (D. P. W. page 707, line 247, Col. "F") | | 1,121,760 |
| Total expenses as reported | | $3,142,708 |
| Passenger train revenues: | | |
| Intrastate (Plffs. Ex. "25.") | $ 429,635 | |
| Interstate (Plffs. Ex. "25.") | 921,447 | |
| Total passenger train revenues (Plffs. Ex. "25.") | $1,351,082 | |
| Ratio of Intrastate Revenue to total Intra and Interstate revenues $429,635÷$1,351,082= | | 31.80% |
| Operating expenses applicable to Intrastate passenger service $31.80% of $3,142,708= | | $ 999,381 |

[fol. 321] PLFF's Ex. "27"

Northern Pacific Railway Company

Total Railway Operating Expenses in Connection with Washington 1933 Intrastate Operations

(Compare N. P. Ex. 7, page 6)

| | |
|---|---|
| Freight operating expenses (N. P. Ex. 7, P. 10) | $3,291,785 |
| Passenger operating expenses (As per plaintiff's Ex. "26") | 999,381 |

PL'FF's Ex. "27"—Continued

| | |
|---|---|
| Total railway operating expenses applicable to Washington intrastate traffic, year 1933 | $4,291,166 |
| Increase in operating expenses, account defendant's adjustment of revenue in connection with foreign commerce, switching and miscellaneous revenues. | |
| (N. P. Ex. 7, Pp. 4-5) | 3,688* |
| Total operating expenses applicable to Washington Intrastate traffic for 1933 | $4,294,854 |

* Error of $10.00 in defendant's exhibit.

[fol. 322] PLFF's Ex. "28"

Northern Pacific Railway Company

Amount as Credited in Account #508, Joint Facility Rent Income, and Charged in Account #541

Joint Facility Rents, for Taxes, State of Washington, Year Ending December 31, 1933

Account #508, Joint Facility Rent Income

| | |
|---|---|
| Amount included as credits for taxes, billed against tenant lines in connection with joint facilities | $248,935.08 |

Account #541, Joint Facility Rent

| | |
|---|---|
| Amount included as charges for taxes billed versus Northern Pacific, for use of lines or facilities of other companies | $21,334.34 |
| Net amount of taxes credited to joint facility rents—Net, for year ending December 31, 1933 | $227,600.74 |

Olympia, Washington, October 20, 1934.

Submitted by E. V. Peterson.

[fol. 323]

PLFF'S EX. "29"

Sheet 1 of 2 sheets

Northern Pacific Railway Company

Computation of Taxes Apportionable to Washington Intrastate Operations as Deduced from Defendant's Figures. (Compare N. P. Ex. 7, page 7)

| | Freight | Passenger | Total Freight and Passenger |
|---|---|---|---|
| A. Car miles (DPW, p. #904–5) | 57,196,045 | 9,685,381 | 66,881,426 |
| B. Locomotive miles (DPW, p. #904, Lines 24, 29, 38, and 39) | 2,781,209 | 1,659,592 | 4,440,801 |
| C. Total car and locomotive miles | 59,977,254 | 11,344,973 | 71,322,227 |
| D. Ratio of passenger car and locomotive miles to total freight and passenger car and locomotive miles. 11,344,973+71,322,227= | | | 15.91% |
| E. Ratio of freight car and locomotive miles to total freight and passenger car and locomotive miles. 59,977,-254+71,322,227= | | | 84.09% |
| F. Total taxes payable on N. P. operating property for 1933. (N. P. Ex. 7, p. #7) | | $2,005,015 | |
| G. Less net amount of Washington taxes on N. P. operating property contributed by tenant roads. (Plffs. Ex. "28") | | 227,601 | |
| H. Net ad valorem taxes payable by N. P. on Washington operating property for 1933 | | | $1,777,414 |
| I. Net Washington taxes chargeable to freight operations. (E x H) | | | 1,494,627 |
| J. Net taxes chargeable to passenger operations. (D x H) | | | 282,787 |
| K. Ratio of intrastate freight car miles to total of intra and interstate for test period. (N. P. Ex. 7, p. # 13). | | 42.30% | |
| L. Taxes apportionable to intrastate freight operations. (K x I) | | | 632,227 |
| M. Intrastate passenger revenues. (Plffs Ex. "25") | | $429,635 | |
| N. Total intra and interstate passenger revenues. (Plffs. Ex. "25") | | 1,351,082 | |
| O. Ratio of intrastate passenger revenue to total intra and interstate passenger revenue, (M÷N) | | 31.80% | |

[fol. 324]

Plff's Ex. "29", Sheet 2 of 2 Sheets

Northern Pacific Railway Company

Computation of Taxes Apportionable to Washington Intrastate Operations as Deduced from Defendant's Figures

(Compare N. P. Ex. 7, Page 7)

(Continued)

| | Freight | Passenger | Total Freight and Passenger |
|---|---|---|---|
| P. Taxes apportionable to intrastate passenger service operations (O x J) | | | $89,926 |
| Q. Total ad valorem taxes apportionable to intrastate freight and passenger operations. (L÷P)..... | | | 722,153 |
| R. Other taxes apportioned by defendant to Washington intrastate operations..... | $5,170 | | |
| (N. P. Ex. #7, p. #7)..... | 8,066 | | |
| | | | 13,236 |
| Total of all taxes apportionable to Washington intrastate operations.. | | | $735,389 |

[fol. 325] PLFF'S EX. "30"

Northern Pacific Railway Company

Computation of Railway Operating Income from Washington, 1933, Intrastate Operations

(Compare N. P. Ex. 7, Page 1)

| | |
|---|---|
| (1) Gross operating revenue (N. P. Ex. 7, p. 4) | $5,271,893 |
| (2) Operating expenses (Plff's. Ex. "27")..... | 4,294,854 |
| (3) Net revenue from railway operation | 977,039 |
| (4) Railway taxes on operating property (Plffs. Ex. "29")..... | 735,389 |
| (5) Railway operating income..... | 241,650 |

[fol. 326] PLFF'S EX. "31"

Sheet 1 of 2 Sheets

Northern Pacific Railway Company

N. P. Ex. 7, page 19, Corrected to show results of taking year 1933 only as to Maintenance of Way & Structures expense.

Percent of total expense for Maintenance of Way & Structures—

3 year average apportioned to Idaho & Tacoma divisions:

| | |
|---|---|
| (A) Amount apportioned to Idaho division | $499,257.79 |
| (B) Amount apportioned to Tacoma division | 1,027,538.44 |
| (C) Total for 2 divisions | 1,526,796.23 |
| (D) Percent apportioned to Idaho division (A÷C) | 32.70% |
| (E) Percent apportioned to Tacoma division (B÷C) | 67.30% |

| | Idaho Division (x) | Tacoma Division (y) | Total (z) |
|---|---|---|---|
| (F) Maintenance of Way & Structures for 1933—Total as reported by carrier and proportions as above indicated (Col. C, Col. E, line 110, p. 704, DPW) $137,179.15+$1,051,878,63= | | | $1,189,057.78 |
| (G) Apportioned to Idaho division (F x D) | 388,821.89 | | |
| (H) Apportioned to Tacoma division (F x E) | | $800,235.89 | |
| (I) Week of Oct. 22–28, 1933 7/365 or 1.918% | (.01918 x G) $7,457.60 | (.01918 x H) $15,348.52 | (.01918 x F) $22,806.12 |

Less amount as used in terminal studies as follows:

(K) Relation of 1933 only to average for 3 years:
$1,189,057.78÷$1,526,796.23=77.88%
(L) Idaho division $836.01 x .7788=651.08
(M) Tacoma division $3,052.56 x .7788=2,377.33

[fol. 327] (Plff's Ex. "31", Sheet 2 of 2 Sheets

Northern Pacific Railway Company

N. P. Ex. 7, page 19, corrected to show results of taking year 1933 only as to Maintenance of Way & Structures expense

| | Idaho Division (x) | Tacoma Division (y) | Total (z) |
|---|---|---|---|
| (N) Total Idaho & Tacoma divisions $3,888.57 x .7788 | ..... | ..... | $3,028.41 |
| (O) Total Maintenance of Way & Structures—Freight | $6,806.52 | $12,971.19 | 19,777.71 |
| (P) Intrastate proportion based on freight car miles for test week Oct. 22–28, 1933, as follows | 22.71% | 55.34% | |
| (Q) Intrastate | 1,545.76 | 7,178.26 | 8,724.02 |
| Interstate | 5,260.76 | 5,792.93 | 11,053.69 |

[fol. 328] PLFF'S EX. "32"

Northern Pacific Railway Company

Correction of N. P. Ex. 7, p. 14, Freight Car Repairs, Depreciation and Retirements by Using Freight Train Car Repairs Expense Item for 1933 only Instead of Three Year Average.

| | |
|---|---|
| (A) Freight train cars—"repairs" (1933 only) (DPW, p. 704, line 125) | $420,070.28 |
| (B) Depreciation (DPW, p. 704, line 126) | 594,307.22 |
| (C) Retirements (DPW, p. 704, line 127) | 17,579.23 |
| (D) Total | $1,031,956.73 |
| (E) Percentage applicable to week of October 22–28, 1933, 7/365 or | 1.918% |
| (F) Amount applicable to week of October 22–28, 1933, (E x D) | $19,792.93 |
| (G) Intrastate proportion based on relative car miles (N. P. Ex. 7, p. 13) | 42.30% |
| (H) Amount as assigned to intrastate freight traffic (F x G) | 8,372.41 |

[fol. 329] PLFF'S EX. "33"

Northern Pacific Railway Company

Defendant's Analysis of Operating Expenses as Applicable to Washington Intrastate Freight Traffic, for the Week of October 22 to 28, 1933. (N.P. Ex. 7, p. 12, as corrected by Plffs. Ex's. "31"–"32")

Washington Intrastate Traffic

| | | |
|---|---|---|
| Train and Engine Wages | $9,826.25 | |
| Fuel for locomotives, water, lubricants, other supplies and engine house expenses | 6,683.07 | |
| Locomotive repairs (road service) | 4,592.71 | |
| Yard expenses | 9,104.69 | |
| Freight car repairs, depreciation and retirements | 8,372.41 | (Plffs. Ex. |
| Steam locomotives, depreciation and retirements | 1,187.64 | "32") |
| Station employees and station supplies and expenses | 9,603.60 | |
| Miscellaneous transportation accounts | 2,877.65 | |
| Miscellaneous maintenance of equipment accounts | 1,477.30 | |
| Maintenance of way and structures | 8,724.02 | (Plffs. Ex. |
| Traffic expenses | 3,086.41 | "31") |
| General expenses | 5,945.44 | |
| Transportation for Investment Cr. | 60.36 R | |
| Total freight operating expenses | $71,420.83 | |

[fol. 330] PLFF'S EX. "34"

Northern Pacific Railway Company

State of Washington

October 22–28, 1933

Correction of N. P. Ex. 7, p. 10 to conform to Plaintiff's Ex. "33".

| | |
|---|---|
| (A) Amount of intrastate freight operating expenses, week of October 22–28, 1933 (Plffs. Ex. "33".) | $71,420.83 |
| (B) Revenue net ton miles | 7,629,079.00 |
| (C) Operating expense cost per revenue net ton mile (cents) (A ÷ B) | .93617 |

Year 1933

Total Freight Operating Expenses on Above Basis for Year 1933

| | |
|---|---|
| (D) Revenue net ton miles, Washington intrastate, year ending December 31, 1933 (DPW, p. 906, item 94) | 334,493,591.00 |
| (E) Operating expense cost per revenue net ton mile as above for week of October 22–28, 1933 (cents) (Line C) | .93617 |
| (F) Total freight operating expenses (D x E) | $3,131,429.00 |

[fol. 331] PLFF'S EX. "35"

Northern Pacific Railway Company

Computation of Operating Ratio as to Washington Interstate Freight Traffic for 1933 Assuming Accuracy of Defendant's Figures as to Operating Expenses on Intrastate Freight

| | |
|---|---|
| Revenues—Freight: | |
| (A) Freight revenues—Interstate (Plffs. Ex. "25") | $5,340,977 |
| Operating Expenses—Freight: | |
| (B) Total operating expenses in Washington as to freight service only | |
| (Col. C, p. 707 DPW) | 5,324,757 |
| (Col. E, p. 707, DPW) | 2,677,576 |
| Total | $8,002,333 |
| (C) Total operating expenses in Washington as to Intrastate freight service as computed by Def. (Plffs. Ex. "34" in F) | 3,131,429 |
| (D) Total operating expenses in Washington as to Interstate freight service (B − C) | 4,870,904 |
| (E) Operating ratio as to Washington interstate traffic for 1933 resulting from defendant's calculations (D ÷ A) | 91.20% |

[fol. 332] PLFF'S EX. "36"

Northern Pacific Railway Company

Correction of N. P. Ex. 7, pp. 4–5, to Show Result of Using Operating Expenses Incident to Freight Traincar—Repairs and Maintenance of Way and Structures for 1933 only Instead of Average for Three Years as Computed by Defendant

| | | | | |
|---|---|---|---|---|
| (A) Operating revenues State of Washington intrastate as reported to Dep. of Public Works | | | | $5,802,530 |
| (B) Deduction account of amount as included in connection with foreign commerce as computed by defendant: | | | | |
| August 1933 | $20,311 | | | |
| September 1933 | 28,563 | | | |
| October 1933 | 30,559 | | | |
| November 1933 | 28,585 | | | |
| December 1933 | 86,588 | | | |
| | | $194,606 | | |
| January to July 1933 estimated on basis of $25,000 per month | | 175,000 | | |
| | | | $369,606 | |
| (C) Deduction account of switching in connection with interstate traffic included as intrastate; as computed by defendant: | | | | |
| August 1933 | $16,660 | | | |
| September 1933 | 17,962 | | | |
| October 1933 | 14,139 | | | |
| November 1933 | 11,763 | | | |
| December 1933 | 11,827 | | | |
| | | $72,351 | | |
| January to July, 1933 on basis of ratio of interstate to total in months of August to December 1933 | | 88,680 | 161,031 | 530,637 |
| (D) Operating revenues in Washington—intrastate as reported by Dep. of Public Works, less above deductions—(A−(B+C)= | | | | $5,271,893 |

(Plff's Ex. "36")—Continued

| | | |
|---|---|---|
| (E) Operating expenses account of above reductions—Freight operating revenue intrastate 1933 (Acct. 101) as reported to Dep. of Public Works | $4,836,839 | |
| (F) Freight operating expenses as used in connection with above revenue (See Plff's. Ex. "34") | 3,131,429 | |
| (G) Operating ratio as to intrastate freight operations for 1933 (F ÷ E) = | 64.74% | |
| (H) Reduction of operating expenses by reason of exclusion of revenue from foreign commerce 64.74% of $369,606, or | 239,283 | |

[fol. 333] Northern Pacific Railway Company

Correction of N. P. Ex. 7, pp. 4–5 to Show Result of Using Operating Expenses Incident to Freight Train Car—Repairs and Maintenance of Way and Structures for 1933 Only Instead of Average for Three Years as Computed by Defendant.

| | | |
|---|---|---|
| (I) As no expenses were figured in connection with switching revenue no deduction is made for operating expenses in that connection, but freight operating ratio as explained has been applied to intrastate switching revenue of $210,821 – 64.74% of $210,821 | $136,486 | |
| (J) Operating expenses as computed on freight operating ratio for miscellaneous freight revenue accounts excluding switching account 110—64.74% of $164,204 | 106,306 | |
| (K) Railway operating expenses incident to intrastate freight operations computed from above figures: | | |
| (K–L) Freight operating expenses as used in connection with account 101 (Line F) | | $3,131,429 |
| (K–2) Plus operating expenses incident to intrastate switching (Line I) | 136,486 | |
| (K–3) Plus operating expenses incident to Miscellaneous revenue items (Line J) | 106,306 | |
| Total of Lines K–2 and K–3 | 242,792 | |
| (K–4) Less operating expenses incident to foreign commerce eliminated (Line H) | 239,283 | 3,509 |
| (K–5) Total freight operating expenses incident to intrastate freight operations (K–2 plus K–3 minus K–4) | | $3,127,920 |
| (L) Railway operating expenses incident to intrastate freight traffic as computed by defendant (N. P. Ex. 7, pp. 4–5) $3,291,785 + $3,698 = | | $3,295,483 |
| (M) Net reduction in railway operating expenses incident to intrastate freight traffic as corrected (L – K–5) | | 167,563 |
| (N) Railway operating income as shown on Plaintiff's Ex. "30", after correction of Defendant's showing of operating expenses and taxes | | 241,650 |
| (O) Railway operating income after correction of Defendant's computations as to freight and passenger operating expenses and taxes (N + M) | | $409,213 |

[fol. 334] PLFF'S EX. "37"

Northern Pacific Railway Company

Reduction in Operating Expenses as to Washington 1933 Intrastate Traffic if Expense Item for Pensions Eliminated

| | | | |
|---|---|---|---|
| Expenses related solely to freight service (DPW p. 707, In 247, Col. C) | $5,324,757 | | |
| Expenses apportioned to freight service (DPW p. 707, In 247, Col. E) | 2,677,576 | $8,002,333 | 100.00% |
| Less 1933 expenses on Washington Intrastate freight traffic (N. P. Ex. 7, pp. 4–5) | | 3,295,483 | 41.18% |
| Railway operating expenses on Washington Interstate freight traffic | | $4,706,850 | 58.82% |

| | | |
|---|---|---|
| Pensions: | | |
| Freight (DPW p. 707, In 238) | $194,689 | |
| Passenger (DPW p. 707, In 238) | 73,265 | |
| | $267,954 | |
| Amount by which operating expenses incident to Intrastate freight traffic should be reduced if pension charge eliminated. 41.18% of $194,689= | | $80,173 |
| Percentage of railway operating expenses apportionable to Washington for the year 1933: Intrastate Passenger Traffic (Plffs. Ex. "29") | | 31.80% |
| Amount by which operating expenses incident to Intrastate passenger traffic should be reduced if pension charge eliminated 31.80% of $73,265= | | 23,298 |
| Total deduction in railway operating expenses incident to Washington's 1933 Intrastate traffic, both freight and passenger, resulting from elimination of pension expense item | | $103,471 |

[fol. 335] PLFF'S EX. "38"

Northern Pacific Railway Company

State and Federal Taxes Chargeable to Washington Intrastate Traffic—Year 1933

| | | Amount of Taxes Applicable | |
|---|---|---|---|
| Gross railway operating revenues, System, 1933 (DPW p. 301, In 2) | $47,578,676 | | |
| Total State and Federal Taxes accrued. (DPW p. 312, In 50) | | 5,883,250* | |
| Ratio of total taxes to total railway operating revenues. | | 12.365% | |
| Intrastate freight revenue | $4,842,258 | 12.365% | $598,745 |
| Intrastate passenger revenue (N. P. Ex. # 7, p. 7) | 429,635 | 12.365% | 53,124 |
| Total | $5,271,893 | 12.365% | $651,869 |
| Washington filing fees (N. P. Ex. #7, p. 7) | | | 5,170 |
| Total Washington Taxes (See Note) | | | $657,039 |

* From this amount should be deducted net contribution in taxes by tenant lines.

[fol. 336] PLFF'S EX. "39"

Northern Pacific Railway Company

Computation Showing Total Railway Operating Revenues Apportionable to Washington for 1933 on Assumption that Operating Ratio as to Intra and Interstate Freight Traffic is the Same as Shown by N. P. Ex. 7, as to Intrastate.

| | |
|---|---|
| (A) Railway operating expenses—intra and interstate freight operations for the year 1933. (Page 707, DPW) | |
| (Line 247, Col. C) | $5,324,757 |
| (Line 247, Col. D) | 2,677,576 |
| Total | $8,002,333 |
| (B) Railway operating expenses on 1933 Washington intrastate freight traffic (Plff's. Ex. "36", In K-5) | $3,127,920 |
| (C) Railway operating expenses on 1933 Washington interstate freight traffic (A−B)= | $4,874,413 |
| (D) Operating ratio as to 1933 Washington intrastate freight traffic (Plff's. Ex. "36", In G) | 64.74% |
| (E) True railway operating revenues on 1933 Washington interstate freight traffic if operating ratio as to such traffic is same as on intrastate freight traffic (C÷D)= | $7,529,214 |
| (F) Railway operating revenues on 1933 Washington intrastate freight traffic (N. P. Ex. 7, p. 7) | $4,842,258 |
| (G) Railway operating revenues on 1933 Washington passenger traffic intra and interstate (Plff's. Ex. "25") | $1,351,082 |
| | $13,722,554 |

[fol. 337] PLFF'S EX. "40"

Northern Pacific Railway Company

Taxes Apportionable to Washington 1933 Intrastate Railway Operations on Assumption that Operating Ratio as to Washington Interstate Freight Operations is Same as on Intrastate Freight Operations. (Compare N. P. Ex. 7, p. 7)

| | | |
|---|---|---|
| (A) Washington gross operating revenue for 1933, assuming operating ratio on interstate freight traffic same as operating ration on intrastate freight traffic. (Plffs. Ex. "39") | | $13,722,554 |
| (B) Ad valorem taxes on defendant's operating property (N. P. Ex. 7, p. 7) | $2,005,015 | |
| (C) Net amount contributed by tenant lines | 227,601 | |
| (D) Net ad valorem taxes payable by defendant | | 1,777,414 |
| (E) Ratio of said taxes to revenue (D ÷ A) = | | 12.953% |
| | | Amount of Taxes Applicable |
| (F) Intrastate freight and passenger revenue (N. P. Ex. 7, p. 4) | $5,271,893 | |
| (G) Taxes applicable $5,271,893 x 12.955% = | | $682,868 |
| (E) Plus filing fee 1/10 of 1% (N. P. Ex. 7, p. 7) | | 5,170 |
| (I) Plus federal taxes as apportioned (N. P. Ex. 7, p. 7) | | 8,066 |
| (J) Total taxes apportionable | | $696,104 |

[fol. 338] PLFF'S EX. "41"

Northern Pacific Railway Company

Revenue per Ton Mile of Freight Hauled in Washington in 1933 (1) Interstate, (2) Intrastate and (3) Percent of Difference Between Interstate and Intrastate

| | | | |
|---|---|---|---|
| (A) Ton miles revenue freight (intrastate only) (p. 906 DPW (94) | | | 334,493,591 |
| (B) Freight revenues—intrastate traffic only (p. 700 ln 1, DPW rep.) | | | $4,836,839.24 |
| (C) Revenue per ton mile on intrastate freight traffic (B ÷ A) | | | $0.01446 |
| (D) Total ton miles in Washington (revenue freight)—inter and intrastate (p. 905 ln 94 DPW) | 839,237,509 | | |
| (E) Intrastate only (Line "A") | 334,493,591 | | |
| (F) Interstate only (D − E) | 504,743,918 | | 504,743,918 |
| (G) Freight revenue—interstate traffic only (p. 700, ln 1 DPW) | | | $5,316,514.76 |
| (H) Revenue per ton mile—interstate freight only (G ÷ F) | | | $0.01053 |
| (I) Percentage by which revenue per ton mile on intrastate freight exceeds revenue per ton mile on interstate freight (C − H) ÷ H = | | | 37.32% |

[fol. 339] PLFF'S EX. "42"

Northern Pacific Railway Company

Revenue per Passenger Mile in Washington in 1933 (1) Interstate, (2) Intrastate and (3) Percent of Difference Between Interstate and Intrastate

| | | | |
|---|---|---|---|
| (A) Revenue passenger miles (intrastate only) (p. 906 DPW) | | | 18,052,604 |
| (B) Passenger Revenue—intrastate traffic only (p. 700 ln 2, DPW) | | | $312,449.06 |
| (C) Revenue per revenue passenger mile on intrastate traffic (B ÷ A) = | | | $0.01730 |
| (D) Total revenue passenger miles in Washington, both inter and intrastate (p. 905 ln 98 DPW) | 37,802,392 | | |
| (E) Intrastate only (A) | 18,052,604 | | |
| (F) Interstate only (B − E) | | | 19,749,788 |
| (G) Passenger revenues—interstate traffic only (p. 700 ln 2 DPW) | | | $419,806.90 |
| (H) Revenue per passenger mile—interstate traffic only (C ÷ F) = | | | $0.02125 |
| (I) Percentage by which revenue per revenue passenger mile on interstate business exceeds revenue per revenue passenger mile on intrastate (H − C) ÷ C) = | | | 22.83% |

[fol. 340]

PLFF's Ex. "43", Page 1

Comparison of Aggregate Taxes Payable by Certain Interstate Railroad Companies Under Revenue Laws in Force Prior and Subsequent to 40-Mill and Other Limitation Acts—1932 Compared with 1933

| Line No. | | On Operating Property Of | | | | |
|---|---|---|---|---|---|---|
| | | N. P. | G. N. | O.-W. | Milw. | Total |
| A. | Total ad valorem taxes levied in 1932 payable in 1933 | $2,464,986 | $1,556,485 | $750,535 | $827,264 | $5,599,270 |
| B. | Equalized assessed valuations for | | | | | |
| | (1) 1932 | 44,658,663(a) | 30,710,723 | 18,293,038 | 16,649,871(b) | 110,312,295 |
| | (2) 1933 | 42,864,636 | 29,304,046 | 16,734,784 | 14,841,004 | 103,744,470 |
| C. | Ratio of 1933 assessed value to 1932 assessed value (line B(2) ÷ line B(1)) | 95.982802% | 95.419590% | 91.481710% | 89.135850% | 94.0456153%(c) |
| D. | Total ad valorem taxes that would have been payable for 1933 on basis of 1932 millage rates (Ln A x line C) | 2,365,963 | 1,485,192 | 686,602 | 737,389 | 5,275,146 |
| E. | Total ad valorem taxes payable for 1933 levied under 40-mill and other limitation acts | 2,005,014 | 1,250,860 | 608,327 | 648,440 | 4,512,641 |
| F. | Total amount of occupational taxes payable for 1933 had same been imposed for entire year 1933 | 87,038 | 47,056 | 10,928 | 19,713 | 164,735 |
| G. | Total ad valorem taxes plus occupational taxes, if imposed for entire year 1933, payable for 1933 (line E + line F) | 2,092,052 | 1,297,916 | 619,255 | 668,153 | 4,677,376 |
| H. | Net savings in total taxes, ad valorem and occupational, which said companies would thus have realized in 1933 under new tax plan (Ln D−Ln G) | 273,911 | 187,276 | 67,347 | 68,236 | 597,770 |
| I. | Ad valorem taxes for state purposes which would have been levied for 1933 under revenue laws in force prior to 40-mill and other limitation acts | 700,086 | 460,684 | 272,507 | 238,705 | 1,671,982 |

[fol. 341]

PLFF'S EX. "43" Page 2

| | | | | | |
|---|---|---|---|---|---|
| J. Ad valorem taxes for state purposes actually levied for 1933 under 40-mill and other limitation acts | $321,992 | $211,884 | $125,335 | $109,788 | $768,999 |
| K. Occupational taxes if levied for entire year 1933 (see line F above) | 87,038 | 47,056 | 10,928 | 19,713 | 164,735 |
| L. Total ad valorem taxes for state purposes for 1933 under 40-mill and other limitation acts, plus total occupational taxes payable for 1933 had same been imposed for that entire year (line J + line K) | 409,030 | 258,940 | 136,263 | 129,501 | 933,734 |
| M. Net savings in total taxes for state purposes, ad valorem and occupational, which said companies would thus have realized in 1933 under the new tax plan (line I — line L) | $291,056 | $201,744 | 136,244 | $109,204 | $738,248 |

(a) Based on $105,000,000 full value as used in settlement.
(b) Actual reassessment value.
(c) 5,275,146 ÷ 5,599,270, equals 94.211317%.

[fol. 342]

PLFF'S EX. "44", Page 1

| | | | | | |
|---|---|---|---|---|---|
| A. Total ad valorem taxes levied in 1932 payable in 1933 | $2,464,986 | $1,556,485 | $750,535 | $827,264 | $5,599,270 |
| B. Equalized assessed valuations for: | | | | | |
| (1) 1932 | 44,658,663(a) | 30,710,723 | 18,293,038 | 16,649,871(b) | 110,312,295 |
| (2) 1934 | 40,167,043 | 27,577,404 | 15,[illegible]2,547 | 13,803,937 | 97,000,931 |
| C. Ratio of 1934 assessed value to 1932 assessed value (line B (2) ÷ line B (1)) | 89.942332% | 89.797313% | 84.472284% | 82.907171% | 87.933919%(c) |
| D. Total ad valorem taxes which would be payable for 1934 on basis of 1932 millage rates (ln A x ln C) | 2,217,066 | 1,397,682 | 633,994 | 685,861 | 4,934,603 |
| E. Total ad valorem taxes which would be payable for 1934 under 40-mill and other limitations acts, on basis of 1933 millage rates. | 1,878,833 | 1,177,157 | 561,716 | 603,128 | 4,220,834 |

PLFF's Ex. "44", Page 1—Continued

| Line No. | | On Operating Property Of | | | | |
|---|---|---|---|---|---|---|
| | | N. P. | G. N. | O.-W. | Milw. | Total |
| F. | Total amount of occupational taxes which would be payable for 1934 on assumption that companies' revenues will be same in 1934 as in 1933 | 87,038 | 47,056 | 10,928 | 10,713 | 164,735 |
| G. | Estimated total ad valorem taxes plus occupational taxes payable on said assumption for 1934 (line E + line F) | 1,965,871 | 1,224,213 | 572,644 | 622,841 | 4,385,569 |
| H. | Estimated net savings in total taxes, ad valorem and occupational, which said companies would thus realize in 1934 under new tax plan (line D − line G) | 251,195 | 173,469 | 61,350 | 63,020 | 549,034 |

[fol. 343]

PLFF's Ex. "44", Page 2

| | | | | | | |
|---|---|---|---|---|---|---|
| I. | Ad valorem taxes for state purposes which would have been levied for 1934 under revenue laws in force prior to 40-mill and other limitation acts | 715,244 | 471,728 | 273,610 | 241,343 | 1,701,925 |
| J. | Ad valorem taxes for state purposes actually levied for 1934 under 40-mill and other limitation acts | 298,738 | 197,028 | 114,279 | 100,802 | 710,847 |
| K. | Occupational taxes for 1934 if same as for 1933 (see line F above) | 87,038 | 47,056 | 10,928 | 19,713 | 164,735 |
| L. | Total ad valorem taxes for state purposes for 1934 under 40-mill and other limitation acts, plus total occupational taxes payable for 1934 if revenues the same in 1934 as in 1933 (line J + line K) | 385,776 | 344,084 | 125,207 | 120,515 | 875,582 |
| M. | Estimated net savings in total taxes for state purposes, ad valorem and occupational, which said companies would, on this assumption, realize in 1934 under new tax plan (ln. I − ln. L) | $329,468 | $227,644 | $148,403 | $120,828 | $826,343 |

(a) Based on $105,000,000 full value as used in settlement.
(b) Actual reassessment value.
(c) 4,934,603 + 5,599,270, equals 88.129399%.

[fol. 344] PLAINTIFF'S EXHIBIT "45"

Is a work sheet showing how the figures on Plaintiff's Exhibits "43" and "44" were applied (St. 461).

[fol. 345] DEFENDANT'S EXHIBIT "46"

Purports to be a copy of the Washington State Statistics embodied in the N. P's annual report to the D. P. W. for the year ending December 31, 1931. This is omitted for the reason that pertinent parts can be readily referred to in the briefs.

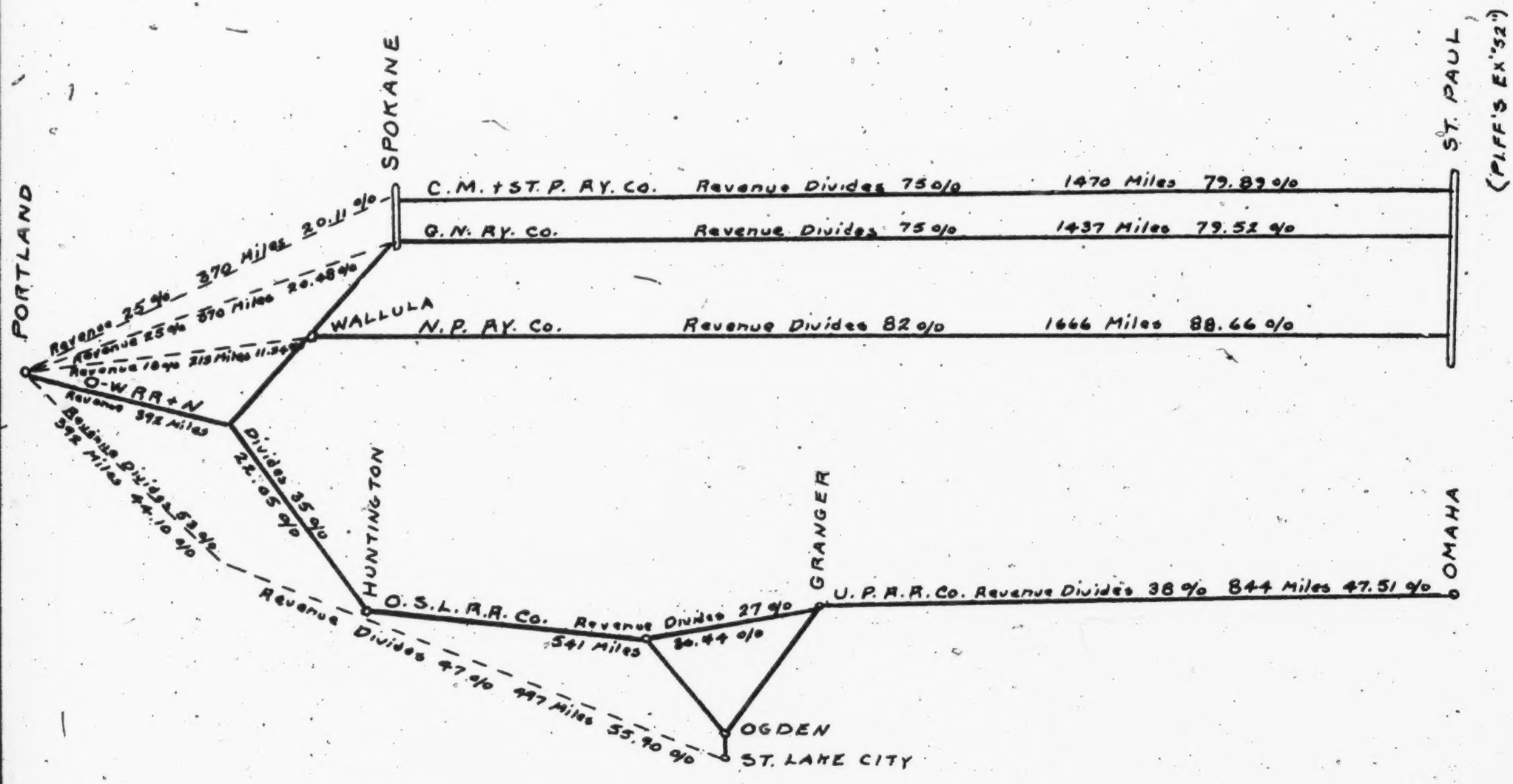
[fol. 346] PLFF'S EXS. "46"–"51"

Plaintiff's Exhibits "46" to "51" inclusive:

Are certified copies of Business Tax Returns made by the Northern Pacific Railway Company (by Wm. C. Pinger, Assistant General Auditor), for each of the months of August to December, 1933, inclusive, and contain the following data:

| | August to December, 1933, inclusive | | | | | |
|---|---|---|---|---|---|---|
| | August 1933 | September 1933 | October 1933 | November 1933 | December 1933 | Aug. 1933 to Dec. 1933 |
| Gross Amount | $1,188,452.81 | $1,138,425.09 | $1,052,912.40 | $993,785.95 | $926,213.81 | $5,299,790.06 |
| Proceeds of sales or income derived wholly in interstate or foreign commerce | 684,842.42 | 620,268.03 | 549,659.95 | 461,523.92 | 458,358.78 | 2,774,553.10 |
| Proceeds of sales to the United States Government, its departments or institutions | 8,954.34 | 3,162.60 | 6,224.54 | 5,198.37 | 4,892.09 | 28,431.94 |
| Proceeds of sales to the state of Washington, its departments or institutions | 15,312.50 | 15,312.50 | 18,312.50 | 20,312.50 | 22,300.00 | 91,550.00 |
| Total amount of deductions | 709,109.26 | 638,743.13 | 574,196.99 | 487,034.79 | 485,450.87 | 2,894,535.04 |
| Taxable amount | 479,343.55 | 499,681.96 | 478,715.41 | 506,751.16 | 440,762.94 | 2,405,255.02 |
| Amount of tax | 7,190.15 | 7,495.23 | 7,180.73 | 7,601.27 | 6,611.44 | 36,078,82 |

(Here follows 1 drawing, folio 347.)


PORTLAND
SPOKANE
ST. PAUL
(PLFF'S EX'32')
C.M.+ST.P. RY. CO. Revenue Divides 75 o/o 1470 Miles 79.89 o/o
G.N. RY. CO. Revenue Divides 75 o/o 1437 Miles 79.52 o/o
N.P. RY. CO. Revenue Divides 82 o/o 1666 Miles 88.66 o/o
WALLULA
Revenue 25 o/o 370 Miles 20.11 o/o
Revenue 25 o/o 370 Miles 20.48 o/o
Revenue 18 o/o 213 Miles 11.34 o/o
O-W RR+N
Revenue 392 Miles
Revenue Divides 52 o/o
392 Miles 44.10 o/o
Revenue Divides 35 o/o
22.05 o/o
HUNTINGTON
O.S.L. R.R. Co. Revenue Divides 27 o/o
541 Miles
30.44 o/o
GRANGER
U.P.R.R. Co. Revenue Divides 38 o/o 844 Miles 47.51 o/o
OMAHA
Revenue Divides 47 o/o 497 Miles 55.90 o/o
OGDEN
ST. LAKE CITY

[fol. 348]

DEF.'S EX. 53
(Sheet 1)

Northern Pacific Railway Company

Results of Intrastate Operations
State of Washington
Year 1933

If tentative allowance is made for intrastate proportion of mail and express revenue and proportion of net taxes credited under joint facility rents—net:

| | |
|---|---|
| 1. Gross Operating Revenue | $5,271,893 |
| 2. Operating Expenses | 4,575,081 |
| 3. Net Revenue from Railway Operation | 696,812 |
| 4. Railway taxes on operating property | 766,309 |
| 5. Railway operating income & Deficit | 69,497R |

R Indicates Red Figure.

[fol. 349]

Def.'s Ex. 53
(Sheet 2)

Northern Pacific Railway Company

State of Washington—Year 1933

Passenger proportion of Operating Expenses, Intrastate.

| | | | |
|---|---|---|---|
| Total passenger proportion of Operating Expenses year 1933, intra and interstate | | | $3,142,708 |
| Revenue Passenger miles | | % | |
| Intrastate | 18,052,604 | 47.76 | |
| Interstate | 19,749,788 | 52.24 | |
| | 37,802,392 | 100.00 | |
| Passenger proportion of Operating Expenses as applicable to Intrastate Traffic 47.76% of $3,142,708 or | | | 1,500,957 |
| Less Intrastate proportion of mail and express revenue as below | | | 221,359 |
| | | | 1,279,598 |
| 1. Mail and express revenue (Accts. 106 and 107) total state | | $463,485 | |
| 2. Intrastate proportion 47.76% (Based on relation of intrastate revenue passenger miles to total passenger miles in State.) | | | |
| 3. Assignment to intrastate 47.76% of $463,485 | | | $221,359 |

[fol. 350]

Def.'s Ex. 53
(Sheet 3)

Northern Pacific Railway Company
State of Washington—Operating Expenses
Year ended December 31, 1933.

State Taxes.

| | | | | |
|---|---|---|---|---|
| Taxes for 1933 on operating property as assessed | | | $2,005,015 | |
| Less bills versus other companies for taxes on joint lines | | | 237,299 | |
| | | | 1,767,716 | |
| Add amount included in 1933 for taxes paid to other companies on joint property | | | 21,334 | |
| | | | 1,789,050 | |
| Operating Expenses Washington—1933 | | | | |
| Freight | $8,002,334 | 71.80 | 1,284,538 | |
| Passenger | 3,142,708 | 28.20 | 504,512 | |
| Total | 11,145,042 | 100% | 1,789,050 | |
| Inspection and filing fee 1/10th of 1% of intrastate revenues | | | | 5,272 |
| Washington intrastate proportion of freight on relation of net ton miles 39.86% | | | 512,016 | |
| Washington intrastate proportion of passenger on relation of passenger miles | | 47.76% | 240,955 | 752,971 |
| Total State Taxes | | | | 758,243 |
| Federal taxes system $72,797 | | | | |
| System operating revenue | | $47,578,677 | | |
| Washington Intrastate revenue | | 5,271,893 | | |
| Ratio of Wash. Intrastate | | 11.080% | | |
| Federal taxes Washington intrastate | | | | 8,066 |
| | | | | $766,309 |

[fol. 351]

Def.'s Ex. 53
(Sheet 4)

Northern Pacific Railway Company
State of Washington, Year 1933.
Joint Facilities Rents—Net.

| | Freight | Passenger | Total |
|---|---|---|---|
| Joint Facility Rents—Net | $815,241 | $539,823 | $1,355,064 |
| Less amount included amount of taxes collected from tenant lines less amount paid other companies | 136,932 | 90,669 | 227,601 |
| | 678,309 | 449,154 | 1,127,463 |
| Intrastate proportion of freight based on ratio of intrastate net ton miles 1933 39.86% | 270,374 | | 270,374 |
| Intrastate proportion of passenger based on ratio of passenger miles intrastate to total passenger miles 47.76% | | 214,516 | 214,516 |
| Total | 270,374 | 214,516 | 484,890 |

[fol. 352] DEFENDANT'S EXHIBIT "54"

Purports to be a typewritten report of certain excerpts from the testimony of W. M. Burn, a witness called in behalf of the G. N. in the case of State of Washington vs. Great Northern Railway Company, which is, in substance, as follows:

In the case of both maintenance of way and structures and maintenance of equipment I used three-year average cost figures. I used the three years ended December 31, 1933.

(The witness was then asked what he had to say of the propriety of using a three-year period instead of the figures for the year 1933. To this question plaintiff's counsel objected on the ground that the witness was an accountant and not an operating man, and it was not shown that he knew what the condition of the road was either at the beginning of 1933 or the end of 1933 and whether or not there was any deferred maintenance. The objection was overruled, whereupon the witness testified:)

I may answer in this way, that in my experience as an accountant and statistician I have never seen maintenance of way and structures and maintenance of equipment expenses based on one year alone. I have never seen any statistics to that effect. And by using only one year, especially for maintenance of way and structures, I don't think you get a complete picture of the situation. For example, I would take for an example if a road has some large washout or a bridge destroyed, it may cost a large sum to restore it, and they may elect, instead of putting all of that cost into the year in which it happened, to spread it over three or four years. And you can readily conceive of some yards whose business was so poor they spend little or no money for maintenance. And if you would take that year, your maintenance costs, of course, would not reflect the true condition.

(Plaintiff's counsel thereupon moved to strike said testimony on the ground that the witness was not qualified to testify. The motion was denied, whereupon the witness continued:)

[fol. 353] You ask if the money actually spent on the maintenance of the railroad in a given year measures the deterioration of its property during that year, necessarily. No, sir, the upkeep of your property is based on two factors, one due to the wear—due to weather conditions, and the other due to use. Now it has generally been conceded by maintenance engineers that two-thirds of your depreciation is due to wear and one-third to use. So one year would not reflect true conditions as regards maintenance of way. That is, a railroad might spend the money for maintenance when it had it, but nevertheless would be incurring the damage and deterioration of its property by the action of the elements when it did not have the money to spend. And the same may be said of locomotives and freight cars. They deteriorate too, through age and obsolescence, regardless of the use in a particular year.

[fol. 354] On November 13, 1934, the court, on motion of plaintiff, reopened the case for the purpose of permitting plaintiff to introduce further evidence as to the matters and things set forth in the affidavit of C. A. Manschreck hereinafter set forth (St. 524).

Pursuant to said order a further hearing was had on November 16, 1934, both parties being represented by counsel (St. 522). C. A. Manschreck was present and prepared to testify on behalf of plaintiff, and it was thereupon stipulated that the Manschreck affidavit hereinafter set forth should be accepted in lieu of his testimony, and that defendant might file an affidavit in rebuttal thereto, and if so received, would be accepted the same as if the witness were called and testified, but the plaintiff should have the right to cross examine such witness of defendant if counsel so desired (St. pp. 522-523).

The said affidavit of C. A. Manschreck is as follows (St. 525-541):

[fol. 355] Affidavit of C. A. Manschreck (St. — to —)

"C. A. Manschreck, being first duly sworn, on oath deposes and says: That he is the same "C. A. Manschreck" who has already testified in the within entitled action and who prepared Plaintiff's Exhibits '25' to '45,' inclusive, introduced in evidence in said action. That since testifying in said cause, affiant has made a study of N. P. Exhibit

'7' (introduced in evidence by defendant in said cause) for the purpose of determining what, if any, portion of the sum of $111,757 appearing in the last item of said N. P. Exhibit '7,' page 4, should be charged as part of the railway operating expenses incident to Washington 1933 intrastate freight traffic, in addition to the other charges of railway operating expenses elsewhere charged to such intrastate traffic for the year 1933, and from such study affiant finds that no part of such item of $111,757 should be charged as an operating expense as to such intrastate freight traffic save and except the sum of $8,026, and that from the total amount of operating expenses incident to Washington 1933 intrastate freight and passenger traffic as computed by plaintiff in Plaintiff's Exhibits '27' and '30' to-wit: the sum of $4,294,854, there should be consequently deducted the sum of $103,731 ($111,757 less $8,026), leaving a total of operating expenses incident to Washington 1933 intrastate freight and passenger traffic of not to exceed $4,191,123 and a corresponding increase in the item "Railway operating income" in Plaintiff's Exhibit '30' by the sum of $103,731, thereby making said item not less than $345,381.

"That the reasons for affiant's aforesaid conclusions are as follows:

"The railway operating expenses incident to all defendant's freight operations in Washington and chargeable against all freight revenues received by defendant in connection with its operations in Washington are reported to the Department of Public Works of the state of Washing-
[fol. 356] ton in reports filed annually with such Department as required by law, and in such report for the year 1933 and for many years theretofore, defendant has divided its railway operating expenses incident to its freight traffic in Washington (See N. P. Exhibits '8' and '9,' pp. 702-707) into eight main headings, and has further subdivided the first seven of said main headings into items of expense, each bearing an account number as follows:

"I. Maintenance of Way and Structures, Account Numbers 201-280, inclusive;

"II. Maintenance of Equipment, Account Numbers 301-338, inclusive;

"III. Traffic, Account Numbers 351-359, inclusive;

"IV. Transportation-Rail Line, Account Numbers 371-420, inclusive;

"V. Transportation-Water Line, Account Numbers 431-433, inclusive;

"VI. Miscellaneous Operations, Account Numbers 441-446, inclusive;

"VII. General, Account Numbers 451-462, inclusive;

"VIII. Transportation for Investment-Cr. (No account numbers).

"That in computing the amount of such railway operating expenses incident to defendant's freight traffic in Washington for the year 1933, defendant, in its calculations in N. P. Exhibit '7,' has first apportioned a certain amount of such railway operating expenses to its terminal freight switching operations at certain points in Washington for a one week test period in 1934, and by dividing the total number of engine hours during which its locomotives were engaged in various freight switching operations at such switching points during such test period, defendant has computed the cost per engine hour of such various switching operations, and from such engine hour costs has then computed the cost of terminal switching operations incident to the movement of all cars used in the movement of intrastate freight in Washington for said seven-day test period.

"That all of defendant's railway operating expenses incident to freight operations in Washington for 1933 other than those so apportioned to terminal switching operations [fol. 357] and other than 'VI. Miscellaneous Operations,' were apportioned by defendant in said N. P. Exhibit '7' for the week of October 22, 1933, as between such expenses as were incident to the movement of interstate freight as shown by the following detailed analysis thereof:

"I. Maintenance of Ways and Structures (Acct. Nos. 201-280).—The average annual railway operating expenses incident to this main heading for the years 1931 to 1933, inclusive, $1,526,796.23), were first apportioned to the said test week of October 22, 1933, by taking 7/365ths of said annual average, or $29,283.93, and from such proportion was deducted the sum of $3,888.57 theretofore apportioned to switching operations (the amount so deducted should have been $4,316.37 instead of only $3,888.57, as hereinafter explained) and all of the balance of said $29,283.93 so ap-

portioned to the test week, was apportioned to intrastate freight traffic on the basis of relative freight car miles used in intrastate and interstate freight operations (See N. P. Ex. '7,' p. 19). The resulting figure, to-wit: $11,202.01, was then carried to page 12 of the exhibit as an expense item chargeable wholly to defendant's intrastate freight traffic.

"I. Maintenance of Equipment (Acct. Nos. 301-338).—The account numbers included in this main division of expense include the following:

"Acct. No. 308: Steam locomotive—repairs;
"Acct. No. 309: Steam locomotive—depreciation;
"Acct. No. 310: Steam locomotive—retirements;
"Acct. No. 314: Freight-train cars—Repairs;
"Acct. No. 315: Freight-train cars—Depreciation; and
"Acct. No. 316: Freight-train cars—Retirements.

"Acct. No. 308: Steam locomotive—repairs.—A certain part of this expense item incident to freight operations was first apportioned to switching operations and as such, was included in defendant's engine hour costs, for the test week (See N. P. Ex. '11'), a total of $2,980.6- being so apportioned for the week. The expense 'steam locomotive—repairs,' for the week of October 22, 1933, incident to all [fol. 358] operations other than switching (a total of $10,597.37; N. P. Ex. '7,' p. 13), was then, according to defendant's showing, determined by an actual study for the week, and the resulting apportionment of $4,592.71 was then likewise carried to page 12 of N. P. Ex. '7' as an expense item chargeable wholly to defendant's intrastate freight traffic.

"Accts. Nos. 309 and 310: Steam locomotive—depreciation and retirements.—As to these items, the total Washington reported expense for 1933 ($212,615.26) was first apportioned to said test week of October 22, 1933, by taking 7/365ths thereof, or $4,077.96, from which amount was deducted the sum of $1,192.63 theretofore apportioned to switching operations. All of remaining portion of said $4,077.96 was then apportioned to intrastate freight traffic on the basis of relative gross ton miles hauled in intrastate and interstate freight operations. (See N. P. Ex. '7', p. 15.) The resulting figure, ($1,187.64) was then carried to page

12 of the exhibit as an expense item chargeable wholly to defendant's intrastate freight traffic.

"Accts. Nos. 314, 315 and 316: Freight-train car repairs, depreciation and retirements.—The three-year annual average expense incident to freight-train car repairs ($565,463.71) and the 1933 expense incident to freight train car depreciation ($594,307.22) and retirements ($17,579.23), were first apportioned to the said test week of October 22, 1933, by taking 7/365ths thereof, or a total of $22,581.58, the whole of which was apportioned to intrastate freight traffic on the basis of relative freight car miles used in intrastate and interstate freight operations during such test week. (See N. P. Ex. '7', p. 14.) The resulting figure, ($8,552.01) was then carried to page 12 of the exhibit as an item of expense chargeable wholly to such intrastate freight traffic.

"II. Maintenance of Equipment (continued).—All of the remaining freight expense items included in this main heading other than those hereinabove mentioned (Accts. [fol. 359] Nos. 308 to 310, and 314 to 316) were first apportioned to the said test week of October 22, 1933, by taking 7/365ths thereof, or $3,757.91, from which amount was deducted the sum of $203.82 theretofore apportioned to switching operations, and all of the remainder thereof allocated to such test week, was apportioned to intrastate freight traffic on the basis of relative freight car miles used in intrastate and interstate freight operations. (See N. P. Ex. '7', p. 18.) The resulting figure, ($1,477.30) was then carried to page 12 of the exhibit as an expense item chargeable wholly to such intrastate freight traffic.

"III. Traffic—(Accts. Nos. 351-359).—The freight expense items included in this main heading for 1933 ($246,089) were first apportioned to intrastate freight traffic on the basis of relative tonnage of intrastate and interstate freight and the resulting figure, ($160,918) apportioned to the said test week of October 22, 1933, by taking 7/365ths thereof, and the resulting figure, ($3,086.41) was then carried to page 12 of the exhibit as an expense item chargeable wholly to such intrastate freight traffic.

"IV. Transportation—Rail line (Accts. Nos. 371-420).—The account numbers included in this main division of expense include the following:

"Acct. No. 394: Fuel for train locomotives;
"Acct. No. 397: Water for train locomotives;
"Acct. No. 398: Lubricants for train locomotives;
"Acct. No. 399: Other supplies for train locomotives;
"Acct. No. 400: Engine-house expenses—train.

"The freight expense for the week of October 22, 1933, incident to each and all of these operations were, according to defendant's showing, determined by an actual study for such week (N. P. Ex. '7', p. 13), and the resulting apportionment of $6,683.07 was then carried to page 12 of N. P. [fol. 360] Ex. '7' as an expense item chargeable wholly to intrastate freight traffic.

"Acct. No. 392: Train Enginemen;
"Act. No. 401: Trainmen.

"The freight expense for the week of October 22, 1933, incident to these two transportation-rail line accounts (wages of trainmen and enginemen) were, according to defendant's showing, determined by an actual study for such week (N. P. Ex. '7' p. 13) and the resulting apportionment of $9,826.25, was then carried to page 12 of N. P. Ex. '7' as an expense item chargeable wholly to intrastate freight traffic.

"Acct. No. 373: Station employees;
"Acct. No. 376: Station supplies and expenses.

"The reported 1933 freight expenses included in these transportation-rail line accounts ($680,959) were first apportioned to intrastate freight traffic on the basis of relative intra and interstate tonnage of freight carried in Washington in 1933, (with a modification because of log tonnage), and the resulting figure ($500,709) apportioned to the test week of October 22, 1933, by taking 7/365ths thereof, of $9,603.60, (N. P. Ex. '7', p. 16), the whole of said amount being then carried to page 12 of the exhibit as an item apportionable wholly to intrastate freight expense.

"IV. Transportation—Rail line (continued).—All of the remaining freight expense items included in this main heading, other than those hereinabove mentioned (Accts. No. 394, 397-400, 392, 401, 373, and 376) were first apportioned to said test week of October 22, 1933, by taking 7/365ths thereof ($7,680.57) and from such average was deducted $788.42 theretofore apportioned to switching operations,

and all of the remainder so allocated to the test week, was then apportioned to intrastate freight traffic on the basis of relative freight car miles used in intrastate and interstate operations. (See N. P. Ex. '7' p. 17.) The resulting figure, ($2,877.65), was then carried to page 12 of the exhibit as an expense item chargeable wholly to such intrastate [fol. 361] freight traffic.

"V. Transportation—Water line.—No expenses were charged against Washington traffic as to this main heading for 1933 or prior years. (See N. P. Exs. "8" and "9", p. 706.

"VI. Miscellaneous Operations (Accts. Nos. 441-446).—The expenses included in this main heading are the only railway operating expenses itemized in defendant's report to the Department of Public Works but not included in defendant's study of operating freight expenses for 1933 (N. P. Ex. '7'). However, an examination of defendant's 1933 Report (N. P. Ex. '9', p. 707), will show that for the year 1933, the only "Miscellaneous Operations" items of expense incident to Washington traffic were included in accounts Nos. 441 and 442. Account No. 441 is entitled 'Dining and Buffet Service', and under this account the entire expense is apportioned to passenger service only.

"Under Account No. 442—"Hotels and restaurants",—$8,025.74, is charged to Washington freight traffic. Affiant concedes that this amount should be charged to intrastate freight operating expenses as stated in the beginning of this affidavit.

"VII. General Expenses (Accts. Nos. 451-462).—As to this main group of operating expenses defendant has first determined the ratio between the total amount charged to freight traffic under all "General Expense" accounts, and all other 1933 freight operating expenses, and has applied the resulting percentage (8.60%) to the total intrastate freight operating expenses (other than 'general expenses') found for the test week of October 22, 1933, to-wit: $69,-132.98, and has thereby reached a figure of $5,945.44 for 'general expenses'. (N. P. Ex. '7', p. 21) which it has carried to page 12 of the exhibit as an expense item chargeable wholly to intrastate freight traffic.

"VIII. Transportation for Investment—Cr.—This credit [fol. 362] item of $7,227.30 was first apportioned to the test week of October 22, 1933, on the basis of 7/365ths thereof,

and the resulting figure, to-wit: $138.62 was apportioned to intrastate freight traffic on the basis of relative car miles incident to intrastate and interstate freight traffic. (See N. P. Ex. '7', p. 22.) The resulting figure of $60.36 was carried to page 12 of the exhibit, and there credited to the total intrastate freight operating expenses for the test week.

Conclusions as to operating expenses charged.—It will thus be seen that, with the exception of the single expense item of Miscellaneous Operations, "Hotels and Restaurants," (Acct. No. 442), all items of freight operating expenses chargeable to freight service were determined for the test week of October 22, 1933, in either one or the other of the two following methods: (1) By taking 7/365ths of the total for the year 1933 or of the annual average for three years, and after allocating (in certain cases) a certain amount thereof to terminal switching service, apportioning the entire balance to freight operating expenses for the test week as shown on N. P. Exhibit '7', page 12; (2) by determining by an actual study, the expense corresponding to the particular account numbers apportionable to such terminal switching service and making such apportionment accordingly, and apportioning the entire balance for the test week to line-haul freight traffic, and carrying the intrastate proportion to page 12 of the Exhibit.

"Turning now, to page 12 of N. P. Exhibit '7', we find that all of these items or groups of freight operating expenses for the test week, including "Yard Expenses", (switching service), are added together, and the total ($75,078.42), is carried to page 10, where the entire amount is divided into the total revenue net ton miles of intrastate freight traffic to determine the cost per intrastate-freight revenue net ton mile. This per-ton-mile cost is then multiplied by the total revenue net ton miles of Washington intrastate freight for the year 1933, yielding a total of in-
[fol. 363] trastate freight operating expenses for 1933, of $3,291,785. It will thus be seen that with the exception of the single expense item—"Hotels and Restaurants," all of the operating expenses incident to Washington intrastate freight operations of all kinds are divided into, and thus treated as part of the expenses incident to the movement of intrastate freight.

"On page 4, N. P. Exhibit '7', defendant first finds the ratio between the said total freight operating expenses of

$3,291,785, and the single item of freight revenue credited to Account No. 101, namely, $4,836,839, and finds the ratio to be 68.06%.

"In this Defendant erred. Since the expenses charged included all costs of operation resulting in all freight revenues except from 'Hotels and Restaurants', and 'switching', it should with those two exceptions, have included all operating revenues as the divisor in computing the freight operating ratio.

"Defendant then applies this so-called freight operating ratio to the revenue from switching operations to ascertain the added operating expenses incident to this service. With this affiant makes no complaint except that, for the reason noted, the ratio is improperly computed to plaintiff's prejudice.

"But defendant then proceeds to apply this so-called operating ratio to all the items of freight revenue other than Account 101 'Freight' and Account 110, 'Switching', which additional items are as follows (Pltff's. Ex. 25):

| | |
|---|---|
| "Acct. No. 111: Special service train | $1,149 |
| "Acct. No. 112: Other freight train | 102,002 |
| "Acct. No. 132: Hotel and Restaurant | 7,831 |
| "Acct. No. 135: Storage—freight | 825 |
| "Acct. No. 137: Demurrage | 8,741 |
| "Acct. No. 142: Rent of Bldgs. & Other Property | 5,569 |
| "Acct. No. 143: Miscellaneous | 46,504 |
| "Accts. Nos. 151-2: Joint facility—net debit | 9,417 |
| Total | 164,204 |

[fol. 364] "As has already been shown, the operating expenses incident to each and all of these items of revenues (other than 'Hotel & Restaurant') have been divided into the intrastate freight ton miles as a basis for determining the cost per intrastate ton mile of freight, and such ton mile cost has been multiplied by the total freight operating expenses. Thus, the addition of any part of the item of $111,757 (other than the $8,025.74 charged to 'Hotels and Restaurants' under Account No. 442) would be, to that extent, a duplication of freight operating expenses and should be eliminated from the ultimate figures of operating expenses incident to intrastate freight traffic contained in all N. P. Exhibits and in Plaintiff's Exhibits '27' and '30' as heretofore explained.

"That affiant has prepared the computations and explanations thereof set forth on Exhibit 'B' hereto attached and made a part hereof, and that the same are true and correct. That said computations and the results thereof as shown by said Exhibit 'B' are intended to show and do show the reduction in computed operating expenses incident to defendant's 1933 intrastate freight traffic in Washington as compared with the results shown on N. P. Exhibit '7', page 20, which would have resulted had defendant, in his computations on said page 20, apportioned its 1933 Washington freight traffic expenses as between intrastate traffic and interstate traffic on the basis of the relative amount of revenues derived from said respective kinds of traffic instead of apportioning the same on the basis of relative tonnage of revenue freight of said respective kinds of traffic.

Exhibit "B" attached to said Manschreck affidavit is as follows:

[fol. 365]

EXHIBIT "B" TO AFFIDAVIT

"Restatement of N. P. Exhibit "7", p. 20, as to traffic expenses chargeable to Washington 1933 intrastate freight traffic, showing difference in results of apportioning such expense as between intra and interstate traffic on basis of relative revenues therefrom instead of on basis of relative tonnage of revenue freight as used by defendant.

| | | |
|---|---|---|
| "(a) Gross railway operating revenue from Washington 1933 intra and interstate freight traffic (Plff.'s Ex. "25")..... | $10,713,872.00 | |
| "(b) Gross railway operating revenue from Washington 1933 intrastate freight traffic only (Plff.'s Ex. "25")..... | 5,372,895.00 | |
| "(c) Ratio of (b) to (a)..... | 50.149% | |
| "(d) Traffic expenses as to Washington 1933 freight traffic (N. P. Ex. "7" p. 20).. | ..... | $246,089.00 |
| "(e) Amount of traffic expenses chargeable to Washington 1933 intrastate freight traffic by apportioning same on a relative revenue basis ("d" x "c")..... | ..... | 123,411.00 |
| "(f) Same for one day ("e" + 365)..... | ..... | 338.11 |
| "(g) Same for one week ("f" x 7)..... | ..... | 2,366.77 |
| "(h) Amount for week of October 22, 1933, as charged by defendant (N. P. Ex. "7," p. 20)..... | ..... | 3,086.41 |
| "(i) Excess for one week of amount charged by defendant for one week over amount resulting from apportionment as between intrastate and interstate freight traffic on relative revenue basis ("h"—"g")..... | ..... | 719.84 |
| "(j) Same—Amount of such excess for one day ("i" + 7)..... | ..... | 102.81 |
| "(k) Same—Amount of such excess for one year ("j" x 365)..... | ..... | 37,525.65 |

[fol. 366] The court reconvened on November 26, 1934, all parties being present, whereupon defendant offered in evidence the affidavit of E. V. Peterson (St. 542), to which offer plaintiff objected unless said Peterson were produced for cross-examination (St. 542-549). Said affidavit was thereupon received in evidence on the understanding that said Peterson be produced for cross examination (St. 549). Said affidavit is as follows:

AFFIDAVIT OF E. V. PETERSON

"E. V. Peterson, being sworn, states the following facts in answer to the affidavit of C. A. Manschreck:

"(1) Manschreck objects to an expense item of $111,757, shown on page 4 of defendant's exhibit 7, on the ground that this amount had already been included in the expenses shown by defendant's cost study. Mr. Manschreck is mistaken.

"(2) The amount of $102,002.00 in Account 112, Other Freight Train Revenue, as shown on page 9 of Manschreck's affidavit, is also shown on page 9 of defendant's exhibit 7. This sum of $102,002.00 is the net amount received by the Northern Pacific from the Northern Pacific Transport Company. In defendant's cost study an allowance was made as to car miles and net ton miles of the traffic of the Transport Company and same was not considered in arriving at the cost of intrastate freight traffic as covered by Revenue Account 101 and reference to this fact was made in (St. 550) my testimony, as shown on page 242 of the transcript. No expense having been included in the cost study on account of this item of $102,002.00 it was necessary to take it into account in order to obtain the total expense for all intrastate freight business. For this purpose affiant used, as was proper, the general expense ratio of 68.06% as is shown at the bottom of page 4 of defendant's exhibit 7. Applying the operating expense ratio of 68.06% to the $102,002.00, gives $69,423, which is to be deducted from $111,757, leaving $42,334. As Mr. Manschreck concedes, at the bottom of page 1 and top of page 2, that $8,026.00 is [fol. 367] properly charged as an operating expense, this item is deducted from $42,334, leaving $34,308 alleged duplication of expense under Mr. Manschreck's affidavit.

"(3) In connection with foreign commerce, a deduction of $369,606 was made from local revenue on page 4 of defendant's exhibit 7. It was therefore considered proper that a deduction be made corresponding to this revenue in the matter of operating expenses, and this was done by the use of the operating freight ratio of 68.06%, resulting in a credit to intrastate operating expense of $251,554.00. In applying this general ratio of intrastate traffic to the item of foreign commerce, shown on page 4 of exhibit 7, entirely too great a credit was given to intrastate operating expenses in this connection, for the reason that the large movement of foreign commerce was on main line with resultant lower unit costs than the average of the total of intrastate traffic on both main and branch lines. For instance, for a period of the study, October 22-28, 1933, the percentage of the net ton miles of the foreign (St. 551) commerce moving over main lines was 86.41% as contrasted with 13.59% over branch lines. For the year 1931 in the state of Washington, that being the last year for which a separation as between main line and branch line expenses is available, the cost per net ton mile for main line including so-called larger terminals was 84¢ per hundred net ton miles as compared with $1.32 on the branch lines, or, in other words, the branch line unit operating cost was 57.1% higher than the main line unit operating cost. I could go into this computation and give the figures, but, even if the $34,308, which Mr. Manschreck contends has been twice included, should be conceded, there would still be a substantial deficit from intrastate operations.

"(4) There is another consideration and that is that, by reason of the fact that the period selected for the study—October 22-28, 1933—showed a traffic movement that was greatly in excess of the average for 1/52 of a year, and if proper adjustment be made for this situation so far as the [fol. 368] overhead accounts are concerned, but the train and engine expenses, yard expenses and locomotive repair expenses be allowed to stand as used, the operating expenses as stated for the intrastate freight traffic in defendant's exhibit 7, page 1, would be increased by $251,000, estimated in my testimony, page 502, as about $300,000.

"(5) In Mr. Manschreck's affidavit, Exhibit A, a deduction of $4,316.37 is shown for terminal maintenance. Mr.

Manschreck is in error. He has deducted from the total maintenance of way and structures freight expense an amount which represents the freight and passenger expense as (St. 552) included in the terminal study. The amount deducted in defendant's exhibit 7 is proper and is based on the freight proportion of the amount as included in the terminal study. It is quite obvious that it would not be proper to deduct the full amount unless we were deducting it from the total of freight and passenger maintenance of way and expenses. Even if Mr. Manschreck were correct, which he is not, the method of arriving at the difference of $10,519.30 is improper for this reason; that is, in stating my costs for the year I first determined the cost per ton mile for the week of the study and then brought that to a year's basis by use of the ton miles for the year in intrastate freight traffic. If a similar method had been used by Mr. Manschreck, instead of having a total of $10,519.30 as purported overcharge, he would have $8,844.01.

"(6) As to Exhibit B, traffic expenses, extended comment does not appear necessary as to the method used by Mr. Manschreck, but the theory of dividing expenses on the basis of the operating revenue is not used in railroad accounting and is improper. The method that was used by me in defendant's exhibit 7 was to divide traffic expenses on the relation of the tonnage of freight intrastate and interstate and is the correct one. It is apparent that the traffic expenses would vary in relation to the tonnage rather than the revenue involved. Even if the assumption made [fol. 369] were correct, which it is not, the method of arriving at the purported overcharge of $37,525.65 is not proper because of the facts stated in my comments as to Exhibit A, and the revised figure, if used on the basis as shown by defendant's exhibit 7, would be $31,552.81 instead of $37,525.65 (St. 553).

"(7) Defendant's exhibit 7, page 4, shows a deduction of $161,031 from intrastate freight revenue state of Washington, year 1933, account of reduction of amount of interstate switching revenue included in annual report to Department of Public Works of Washington as intrastate.

"As noted in exhibit amount for January to July 1933 was estimated on basis referred to.

"As indicated by Mr. daPonte on page 40 of transcript we agreed to furnish actual amount for year before close of case.

"An analysis has been made for year 1933 which shows that deduction for interstate switching (Account 110 Switching Revenue) should be $207,965 instead of partially estimated amount of $161,031 as shown by defendant's exhibit 7, page 4" (St. 554).

On November 27, 1934, all parties being present, the following proceedings were had (St. 555):

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E. V. PETERSON, being recalled for cross-examination respecting the foregoing affidavit, testified as follows:

I am E. V. Peterson who signed said affidavit (St. 555). On Def.'s Ex. "7", page 19, I divided the expense first between Idaho and Tacoma Divisions, and then set forth a total. I have taken a three-year average of the freight expense as reported to the D. P. W. (St. 556). In the second line I took 7/365ths of the first line. Mr. Manschreck did the same in line "b", Exhibit "A". You ask where I got the amount shown as "less amount used in terminal studies." The amount shown by Mr. Manschreck is not the freight operation, it is the total operation. You ask where I got the freight proportion. It isn't shown in the [fol. 370] detail there. We had to work it out to deduct it properly. You ask if there is anything *is anything* in the record to show how it is worked out. I have the working papers here (St. 558). The division between freight and passenger is shown in the report to the D. P. W., not by yard of course, but the total for the state of Washington is shown (St. 559). You ask if the matter contained in paragraph 5 of my affidavit is shown by any matter or evidence or exhibit received in evidence in this case. It is if I qualify it in this way. In arriving at the freight proportion of the maintenance of way structures, we took the various amounts shown in the yard accounts for 1933 as shown in the report to the State of Washington, and from that report reduced the proportion used in preparing this freight proportion. I think it is an exhibit in this case—"8" is

1932 and "9" is 1933 (St. 560). You ask where it is in the record. Def.'s Ex. "9" was the Annual Report to the D. P. W. for the year 1933. In that report was included the operations in the state of Washington, and from the amount shown under the various maintenance of way accounts, yard, freight, and passenger, we made the percentages by account affected and applied those to the individual accounts in our present terminal studies. On page 19 I say "less amount as used in terminal studies", not amount as shown, but as used (St. 561).

Referring to paragraph 6 of my affidavit: I am familiar with exhibit "B" attached to the Manschreck affidavit. You ask if traffic expenses as a group are expenses incurred in the solicitation of traffic, both freight and passenger. We so stated, yes. We have apportioned those expenses assigned to freight service for the year reduced to terms of one week, and apportioned them on the relative tonnage basis. Mr. Manschreck, instead of computing it in that way, took the total traffic expenses assigned to freight and the one-week proportion, and assigned them on a relative revenue basis. Might I state, on Exhibit "B" the [fol. 371] amount of $246,000 shown for traffic expenses as to Washington 1933 intrastate traffic is improperly noted. It should be traffic freight, not intrastate. Item "d" on Exhibit "B", Item "d" on Exhibit "B". Intrastate should be eliminated (St. 562). You ask if the purpose of the traffic department is to produce revenue for the company. That is the primary purpose, yes. The character of traffic that produces the greatest revenue of the company is the long-haul traffic (St. 564). The purpose of the traffic department is to produce revenue; traffic solicitation (St. 566). You ask if it is not a fact that I divide my traffic expenses on a mere tonnage basis, and apportion as much of that expense to a ton hauled just one mile as to a ton hauled 400 miles. Expenses should not be based on the revenues involved, but on the expense incurred. You ask if that doesn't depend on the character of the expense, whether it is the maintenance of structures or equipment, or a traffic expense for the solicitation of business. That statement still stands. It should be on the basis of the service performed and not on revenue (St. 567). You ask if we spend as much to get a ton of traffic hauled one mile as 400. We have to take the traffic that is offered. We can't select it.

You ask what these traffic expenses are. Some of it is the salaries and expenses of the people more or less directly supervisory of the traffic department, and the second account, outside account, would be the men engaged along the line, in the solicitation of traffic (St. 568). You ask whether or not it is not a fact that if our business was all non-competitive, we wouldn't need a traffic department at all. I wouldn't make that statement. It is as necessary to a railroad company as an engineering department. I am familiar with the traffic in the state of Washington. You ask to what extent we solicit business on logs. The total tons of logs hauled in the state is 2,000,000 and the total of all traffic, 5,575,000. You ask if we need any traffic department [fol. 372] for our logs. Yes. You ask to what extent the log traffic is competitive. Not because it is competitive, but because log traffic in the last few years has been subject to a great deal of extra work in litigation and raising of tariffs, etc. You ask if we charge that to traffic expense. We do the tariff expenses and the data for the cases, etc. You ask to what extent we spend money in soliciting log business, and use our agents to solicit log haul business. I am not a traffic man. You ask if it is not a fact that I don't know anything about it. I have no expert traffic knowledge of the subject, no (St. 570).

I do not know to what extent we solicit any of this local business (St. 571). The results reached by Manschreck in Exhibit "B" are $37,000. It would be $34,000 if the proper method were used as shown by my affidavit, i. e., if Mr. Manschreck had used his own method in the proper say. In building up our figures on the exhibit, we arrived at a basis based on the ton miles for a week and applied it to the year. In the affidavit of Mr. Manschreck, he has simply built up the figure for the year by multiplying by 52. If he had used the method used by us in Page 20 of Exhibit 7, he would have had $31,552.81. And that likewise applies to the maintenance of way and structures referred to.

In Paragraph 7, page 4, of my affidavit I say that Def.'s Ex. "7", page 4, shows a deduction of $161,031.00 from intrastate freight revenue State of Washington, year 1933, account of reduction of amount of intrastate switching revenue included in annual (St. 571) report to D. P. W. of Washington as intrastate. That whole $161,031 was included in our report to the D. P. W. for 1933. You ask

from what source these figures came to change this from interestate over to intrastate. We made a special study because it wasn't of record. It wasn't in our accounts reported for 1933. You ask if it was in our books. Let me state this my own way, what we did. For the year 1933, the entire amount of switching revenue that was received in the state of Washington, the amount of $317,000.00, was [fol. 373] credited to the state for intrastate without regard that some of it might have accrued as a result of interstate traffic. Because of this proceeding, we went through the individual switching abstracts and made a record of all the cars involved in the switching revenue and divided it according to the actual facts in the case. And that is how we arrived at the figure we are now stating, of $369,606. I spoke of $161,031.00 as shown by the defendant's Exhibit No. 7, was, as clearly pointed out, partly (St. 572) for the year, estimated, and we have now gone through the record from January to July, so that the amount of $207,965 is the actual figure. You ask if it is not a fact that there is no record in the state of Washington anywhere, that would show these facts. No, the only report we furnished to the D. P. W. for 1933 was in Ex. "9", the annual report, in which it showed the entire amount of switching revenue. It was all shown as intrastate. That was sworn to by our officers and filed. It was made March 4, 1934, and was made on the same basis of previous years. The record in the state would be available at the various stations (St. 573). You ask if there is any record here to show the change in our book accounts (St. 574). No, there is no record here. There is no record offered in exhibits of any kind that would tend to show whether these were interstate or intrastate movements. I couldn't do that without going to our records scattered around throughout different parts of the state or our records in St. Paul. You ask if it is not a fact that the court couldn't determine from the record before him whether we were correct in making the modification. We are offering them as being the correct figures.

(At this point, plaintiff's counsel moved to strike paragraph 7 of the Peterson affidavit as not being based on anything before the court in the form of books or original records or anything from which the facts claimed or alleged or set forth in paragraph 7 can be checked or verified, and [fol. 374] that they are based on record evidence some-

where, but not produced (St. 574). The Motion to strike was denied (St. 575). Whereupon the witness continued:)

Referring to paragraph 4 of the Peterson affidavit: On page 10, def.'s Ex. "7" is shown the method whereby the freight expenses for the year 1933 were developed, and from that it will appear that the cost as developed for the one week of the cost study, the cost per revenue net ton mile, was applied to the entire net ton miles of revenue service, Washington intrastate, for the year 1933.

Now, this cost for the one week was made up of the detail of items shown on page 12, where the accounts are set forth in detail. Now, it is perfectly obvious when dealing with the train and engine wages, the fuel for locomotives, water, lubricants, other supplies and engine-house expenses, locomotive repairs, and yard expenses, they were developed on the basis of the traffic for the week, and it is perfectly obvious that the cost for those would be less for the volume of traffic that we used, the amount I used in the previous analysis of those accounts.

So far as those analyses are concerned, I am not making any change in the previous statement, but the other overhead expenses, all of those listed below yard expenses, the method used was to assign one week. Now (St. 576) if you assign only one week's expenses, but the traffic for that particular week is 2.28% rather than 1.91, it is clear that you are getting a cost very much below what it should be as cost for the year, because the cost for the week is based on a very low revenue net ton miles. For instance, if you were to adopt that plan for each week of the year, you would find you provided for all those expenses for the year's business. Unless you apply the overhead in relation to the volume of business for the week, you get an under-[fol. 375] estimate of the cost. I worked it out in detail. You ask why I didn't put in my original study. I was prevented from doing so by Mr. Sharpe. (Question by defendant's counsel.) The amount of $251,000 is the amount I say I worked out in detail and is the understatement due to the fact that the test week was better than an average week (St. 577). I mean if there is due allowance for the equated ton miles for the week involved, our expenses for the year would have been $251,000.00 more than is stated on page 10 of defendant's exhibit "7". You ask where

my underlying figures in the record are, to substantiate that. It is in the record there. You ask where they are (St. 578). (It was thereupon understood that paragraph 4 of the Peterson affidavit was to be considered only in connection and in explanation of evidence already in the record. (St. 580). (Question by defendant's counsel.) You ask if that is based on matters in the record. It is, and the reference shown is page 502 (St. 580).

You ask if there is anything in the record to substantiate the facts I attempt to state and conclusions I attempt to reach in paragraph 3 of my affidavit. I don't recall of any direct item on that off-hand (St. 581).

You ask where the data is located showing the facts set forth in paragraph 3 of my affidavit. I have all the summarized data with me here on which the conclusions were based. It includes, as I have indicated the source in my affidavit, from the report to the D. P. W. for 1931, and also from our detailed record at the main branch line located at St. Paul. They are in St. Paul, and are not here at all.

(Whereupon plaintiff's counsel moved to strike paragraph 3 of the affidavit and all that is in it, because not supported by anything in the record (St. 582). The motion was denied (St. 583). Whereupon the witness continued:)

In Def.'s Ex. "7", page 4, I first found the total operat-
[fol. 376] ing expenses connected with interstate freight service, and found that to be $3,291,785, and found the intrastate revenue to be $4,836,839. Then I found the operating ratio between them. I proceeded on the theory that the expenses I found related only to the revenues credited under account 101. You ask me to point out any added item of expense which would be incident to any of the revenues received for the year 1933 in intrastate business other than account 101 (St. 583). There would be the expenses incurred in connection with the switching revenue. I have accounted for that separately. You ask what other than that. Hotels and restaurants. We have discussed that, and I think it has been agreed upon. You ask what else. (The witness then explained to the satisfaction of counsel for plaintiff why the operating ratio should be applied to the $102,000 referred to in the affidavit as revenue received in connection with the N. P. Transport Company (St. 584-587). Whereupon the witness continued:)

You ask if it is not true that outside of that $102,000, and hotels and restaurants, the balance is duplication as stated by Mr. Manschreck: No, it is not, and I will tell you why. If we were dealing with all the operating expenses of the freight service, and if this situation didn't involve intrastate, but the matter of freight rates of the state as a whole, there might be some argument of the state of that case. We are dealing with the selected amount of those which we have as intrastate. We have not charged the intrastate, going to 101, originally, with all expenses that would appear in those revenues. The matter of weighing expense in Washington intrastate is several thousand dollars a year. We have not charged in our expenses for yard service anything but road haul service. In other words, we have not set up any other expenses for weighing cars. Therefore, it seems proper that expense should (St. 587) be included the same as the switching. I say, the Miscellaneous Reve- [fol. 377] nue Account, 143, includes, among other things, weighing revenue. You ask how much that is. The proportion of the intrastate is $2,300.00, not a very large item, but I cited that as being typical of the general situation. You ask what other expenses I did not include in the general expenses in my studies, other than weighing. Well, all the expenses were included in the detail except the miscellaneous operations in getting our costs. I will say this: all of the expenses were used in arriving at the expenses of intrastate traffic (St. 588). You ask what expenses other than those I have itemized at $3,291,785 are involved in the production of these revenues other than account 101 and switching service and this other freight revenue of $102,- 000 and this weighing service. I haven't made any direct analysis of that. As I say, the Miscellaneous Revenue Account includes any number of different items of all descriptions and a minute analysis of that wasn't considered necessary for the purpose we had in hand in view of what I said in my affidavit about the $369,000 feature. We didn't consider it necessary to go into all that detail because we felt we were so grossly overestimating the credit. Referring to "rents of buildings" and other property" you ask what expense item that I haven't taken care of in my cost study already is involved in that item. I don't know of any. That would all be under maintenance of way and structures. Referring to "Joint facility, net debit", that

is a debit item largely, the joint facility account adjustment in connection with pool service (St. 589). You ask what expenses other than those I have accounted for already in that item of three million plus, are involved in the production of the item of revenue "demurrage". It is hard to indicate that. The correspondence and legal expenses. You ask if it is not a fact that that has all been accounted for in my study of three million plus. So far as the total amount is concerned, yes, but not the amount to charge intrastate traffic. That is the point I am making. There [fols. 378-404] are a large number of miscellaneous items in account 143. You ask what specific items of expense, I have omitted in my full charge of three million plus that should be charged in connection with the production of that particular item of expense, $46,000. Well, as I stated a moment ago, there is the matter of weighing, is one item, and also other miscellaneous revenues. I wanted to make this clear, that we have other accessorial revenues besides weighing. For instance (St. 590) we have expenses for refrigeration cars, and items of that kind, that is not included in the expense, $3,291,785. The yard expense was only the actual road haul movement of the cars, not any accessorial movement at all. You ask if it is not a fact that I have not made a study to determine whether or not any expense was incurred in the production of that particular revenue other than the expenses charged, $3,291,785.00, other than the weighing expense. That is the only thing that stands out in my mind now (St. 591).

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[fol. 405] In Superior Court of Thurston County

Appeal

On the 6th day of April, 1935, the plaintiff appealed from the judgment by serving a written notice (Tr. 105). The transcript on appeal was prepared and filed in the office of the clerk of the superior court on the 19th day of April, 1935; the statement of facts was served on the 25 day of April, 1935; and the statement was settled and certified by the trial judge on the 6 day of May, 1935.

G. W. Hamilton, Attorney General; R. G. Sharpe, Assistant Attorney General, Attorneys for Plaintiff.

Due and timely service of written abstract by receipt of a true copy thereof acknowledged this 6th day of May, 1935.

L. B. duPonte, Attorneys for Defendant and Respondent.

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[fols. 406 & 407] DEFENDANT'S EXHIBIT 8

[fols. 408-457] Annual Report of Northern Pacific Railway Company

to the

Department of Public Works of the State of Washington

for the

Year Ended December 31, 1932

Name of officer in charge of correspondence with the Commission regarding this report: F. W. Sweney.
Official title: Comptroller.
Office address: 176 East Fifth St., St. Paul, Minn.

## 300 I. INCOME ACCOUNT FOR THE YEAR.

See instructions on lower section of page 300.

| Line No. | Item. (a) | Amount applicable to the year. (b) | Comparison with preceding year. (Increase in black, decrease in red.) (c) | Offsetting debits and credits. (d) | Remarks. (e) |
|---|---|---|---|---|---|
| 1 | I. Operating Income. | | | None | State the amount of "Net railway operating income," i. e., the net of returns on lines 7, 15–20, 35–40: $1,990,389.21 |
| 2 | (501) *Railway operating revenues (p. 302), | 47 084 176 47 | D 15 227 910 38 | | |
| 3 | (531) * Railway operating expenses (p. 309, 310 or 311), | 41 433 179 52 | D 10 649 667 73 | | |
| 4 | *Net revenue † from railway operations, | 5 650 996 95 | D 4 578 242 65 | | |
| 5 | (532) *Railway tax accruals (p. 312), | 6 677 354 57 | D 139 032 61 | | |
| 6 | (533) *Uncollectible railway revenues, | 23 209 27 | 13 137 10 | | |
| 7 | *Railway operating income,† | Def. 1 049 566 89 | D 4 452 346 94 | | |
| 8 | (502) Revenues from miscellaneous operations (p. 303), | | | | |
| 9 | (534) Expenses of miscellaneous operations (p. 303), | | | | |
| 10 | Net revenue † from miscellaneous operations, | | | | |
| 11 | (535) Taxes on miscellaneous operating property (p. 303), | | | | |
| 12 | Miscellaneous operating income,† | | | | |
| 13 | Total operating income,† | Def. 1 049 566 89 | D 4 452 346 94 | | |
| 14 | II. Nonoperating Income. | | | | |
| 15 | (503) Hire of freight cars—Credit balance (p. 315), | 385 266 25 | D 266 123 87 | | |
| 16 | (504) Rent from locomotives, | 191 770 35 | D 52 545 47 | | |
| 17 | (505) Rent from passenger-train cars, | 105 470 82 | 346 06 | | |
| 18 | (506) Rent from floating equipment, | | | | |
| 19 | (507) Rent from work equipment, | 87 196 34 | D 25 447 56 | | |
| 20 | (508) Joint facility rent income, | 3 256 867 84 | D 89 751 90 | | |
| 21 | (509) Income from lease of road (p. 313), | 357 410 97 | 4 276 74 | | |
| 22 | (510) Miscellaneous rent income (p. 313), | 474 742 36 | D 51 582 17 | | |
| 23 | (511) Miscellaneous nonoperating physical property (p. 315), | 177 169 82 | D 2 475 47 | | |
| 24 | (512) Separately operated properties—Profit (p. 315), | | | | |
| 25 | (513) Dividend income, | 9 119 425 44 | D 5 304 288 04 | | |
| 26 | (514) Income from funded securities, | 273 566 17 | D 487 228 38 | | |
| 27 | (515) Income from unfunded securities and accounts, | 156 477 61 | D 428 085 86 | | |
| 28 | (516) Income from sinking and other reserve funds, | | | | |
| 29 | (517) Release of premiums on funded debt, | | | | |
| 30 | (518) Contributions from other companies, | | | | |
| 31 | (519) Miscellaneous income, | 44 835 32 | 20 424 67 | | |
| 32 | Total nonoperating income,† | 14 630 199 29 | D 6 682 481 25 | | |
| 33 | Gross income,† | 13 580 632 40 | D 11 134 828 19 | | |
| 34 | III. Deductions from Gross Income. | | | | |
| 35 | (536) Hire of freight cars—Debit balance (p. 315), | | | | |
| 36 | (537) Rent for locomotives, | 61 595 91 | D 4 479 47 | | |
| 37 | (538) Rent for passenger-train cars, | 131 257 98 | 10 699 76 | | |
| 38 | (539) Rent for floating equipment, | | | | |
| 39 | (540) Rent for work equipment, | 3 288 51 | D 1 335 69 | | |
| 40 | (541) Joint facility rents, | 790 473 10 | D 79 723 69 | | |
| 41 | (542) Rent for leased roads (p. 321), | 51 418 87 | 02 | | |
| 42 | (543) Miscellaneous rents (p. 321), | 11 679 72 | 1 136 05 | | |
| 43 | (544) Miscellaneous tax accruals, | 79 711 13 | 36 092 27 | | |
| 44 | (545) Separately operated properties—Loss (p. 315), | | | | |
| 45 | (546) Interest on funded debt, | 14 264 259 37 | D 127 482 45 | | |
| 46 | (547) Interest on unfunded debt, | 5 597 70 | D 44 580 23 | | |
| 47 | (548) Amortization of discount on funded debt, | | | | |
| 48 | (549) Maintenance of investment organization, | | | | |
| 49 | (550) Income transferred to other companies, | | | | |
| 50 | (551) Miscellaneous income charges, | 172 756 31 | D 31 412 53 | | |
| 51 | Total deductions from gross income, | 15 572 038 60 | D 241 085 96 | | |
| 52 | Net income,† | Def. 1 991 406 20 | D 10 893 742 23 | | |
| 53 | IV. Disposition of Net Income, | | | | |
| 54 | (552) Income applied to sinking and other reserve funds (p. 322,) | | | | |
| 55 | (553) Dividend appropriations of income (p. 300), | | | | |
| 56 | (554) Income appropriated for investment in physical property (p. 322), | | | | |
| 57 | (555) Stock discount extinguished through income, | | | | |
| 58 | (556) Miscellaneous appropriations of income (p. 322), | | | | |
| 59 | Total appropriations of income, | | | | |
| 60 | Income † balance transferred to Profit and Loss, | Def. 1 991 406 20 | D 10 893 742 23 | | |

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State Commission Form—Steam.

* Includes operation of water lines, if any.

† Deficit, if in red.

(D- denotes decrease)

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## 310. RAILWAY OPERATING REVENUES.

State the railway operating revenues of the respondent for the year (classified in accordance with the Uniform System of Accounts for Steam Railway Corporations), and distribute the various accounts as a whole, so as to group those assignable to freight or to passenger and allied services or those common to both services. The proportion of joint traffic receipts belonging to other carriers should not be included.

| Line No. | Class of Railway Operating Revenues. (a) | Amount of revenue for the year. (b) | Assignable to freight service. (c) | Assignable to passenger and allied services. (d) | Not assignable to freight or to passenger and allied services. (e) | Remarks. (f) |
|---|---|---|---|---|---|---|
| | | $ c. | $ c. | $ c. | $ c. | |
| 1 | (101) Freight,* | 38 789 246 46 | 38 789 246 46 | | • • • • • • • • | |
| 2 | (102) Passenger, | 3 648 155 53 | • • • • • • • • | 3 648 155 53 | • • • • • • • • | |
| 3 | (103) Excess baggage, | 31 219 07 | • • • • • • • • | 31 219 07 | • • • • • • • • | |
| 4 | (104) Sleeping car, | 235 10 | • • • • • • • • | 235 10 | • • • • • • • • | |
| 5 | (105) Parlor and chair car, | 12 398 75 | • • • • • • • • | 12 398 75 | • • • • • • • • | |
| 6 | (106) Mail, | 1 570 809 60 | • • • • • • • • | 1 570 809 60 | • • • • • • • • | |
| 7 | (107) Express, | 686 054 87 | • • • • • • • • | 868 054 87 | • • • • • • • • | |
| 8 | (108) Other passenger-train, | 93 639 93 | • • • • • • • • | 93 639 93 | • • • • • • • • | |
| 9 | (109) Milk, | 212 793 37 | | 212 793 37 | • • • • • • • • | |
| 10 | (110) Switching, | 737 720 00 | 737 720 00 | | • • • • • • • • | |
| 11 | (111) Special service train, | 26 342 58 | 11 810 50 | 14 532 08 | | |
| 12 | (112) Other freight-train, | 132 709 86 | 132 709 86 | • • • • • • • • | • • • • • • • • | |
| 13 | (113) Water transfers—Freight, | | | • • • • • • • • | • • • • • • • • | |
| 14 | (114) Water transfers—Passenger, | | • • • • • • • • | | • • • • • • • • | |
| 15 | (115) Water transfers—Vehicles and [live stock, | | | • • • • • • • • | • • • • • • • • | |
| 16 | (116) Water transfers—Other, | | | | | |
| 17 | Total rail-line transporta- [tion revenue, | 45 941 325 12 | 39 671 486 82 | 6 269 838 30 | | |
| 18 | (121) Freight, | | | • • • • • • • • | • • • • • • • • | |
| 19 | (122) Passenger, | | • • • • • • • • | | • • • • • • • • | |
| 20 | (123) Excess baggage, | | • • • • • • • • | | • • • • • • • • | |
| 21 | (124) Other passenger service, | | • • • • • • • • | | • • • • • • • • | |
| 22 | (125) Mail, | | • • • • • • • • | | • • • • • • • • | |
| 23 | (126) Express, | | • • • • • • • • | | • • • • • • • • | |
| 24 | (127) Special service, | | | | | |
| 25 | (128) Other, | | | | | |
| 26 | Total water-line transpor- [tation revenue, | | | | | |
| 27 | (131) Dining and buffet, | 230 737 05 | • • • • • • • • | 230 737 05 | • • • • • • • • | |
| 28 | (132) Hotel and restaurant, | 392 830 07 | | 46 291 55 | 346 538 52 | |
| 29 | (133) Station, train, and boat privi- [leges, | 8 383 13 | | 8 383 13 | | |
| 30 | (134) Parcel room, | 8 934 25 | • • • • • • • • | 8 934 25 | • • • • • • • • | |
| 31 | (135) Storage—Freight, | 23 622 36 | 23 622 36 | • • • • • • • • | • • • • • • • • | |
| 32 | (136) Storage—Baggage, | 4 036 58 | • • • • • • • • | 4 036 58 | • • • • • • • • | |
| 33 | (137) Demurrage, | 47 524 03 | 47 524 03 | • • • • • • • • | • • • • • • • • | |
| 34 | (138) Telegraph and telephone, | 66 158 11 | | | 66 158 11 | |
| 35 | (139) Grain elevator, | | | • • • • • • • • | • • • • • • • • | |
| 36 | (140) Stockyard, | | | • • • • • • • • | • • • • • • • • | |
| 37 | (141) Power, | | | | | |
| 38 | (142) Rents of buildings and other [property, | 36 055 04 | 11 258 53 | 5 453 33 | 19 343 18 | |
| 39 | (143) Miscellaneous, | 246 351 99 | 192 533 08 | 5 278 40 | 48 540 51 | |
| 40 | Total incidental operat- [ing revenues, | 1 064 632 61 | 274 938 00 | 309 114 29 | 480 580 32 | |
| 41 | (151) Joint facility—Cr., | 227 842 90 | 60 329 04 | 167 513 86 | | |
| 42 | (152) Joint facility—Dr., | 149 624 16 | 12 164 12 | 137 460 04 | | |
| 43 | Total joint facility oper- [ating revenue, | 78 218 74 | 48 164 92 | 30 053 82 | | |
| 44 | Total railway operating [revenues, | 47 084 176 47 | 39 994 589 74 | 6 609 006 41 | 480 580 32 | |

*Among the items charged to this account is $ representing amount paid to others in connection with a system of pick up and delivery service.



461-502

## 531. STATISTICS OF RAIL-LINE OPERATIONS—ENTIRE LINE.

[FOR COMPANIES MAKING OPERATING REPORT.]

Give the various statistical items called for concerning the rail-line operations of respondent's road during the year. *If the respondent for its own purposes uses more accurate methods than are provided below for computing the required averages, the more accurate figures should be given in the returns, and the method of computing each average should be indicated in a footnote.* Train-miles, locomotive-miles, car-miles, motor car-miles and other particulars are to be classified in accordance with the Uniform System of Accounts for Steam Railway Corporations. Motor car and trailer miles, if any, should be included in column (d). In computing averages per locomotive-mile (Items 151-158), motor car and trailer train-miles and car-miles should be excluded.

### INSTRUCTIONS REGARDING VARIOUS ITEMS DESIGNATED BY NUMBERS.

1 includes road operated under trackage rights. If the average mileage used for freight or passenger service notably differs from the mileage reportable for Item No. 1, the respective "Averages per mile of road" (Items Nos. 111-127) affected, should be computed accordingly, and pertinent details given in a footnote.

91 includes all freight the revenue from which is includable in account No. 101, "Freight."

92 includes not only nonrevenue freight which is hauled on transportation trains, but also a proportion of the weight of exclusive work equipment, based on the relationship of net tons to gross tons of revenue freight for the reporting period.

94 relates to freight included in 91. 95 relates to freight included in 92.

108 is the aggregate of revenue accounts Nos. 102 to 109, inclusive. (See page 302.)

111=13+1.
112=14+1.
113=15+1.
114=16+1.
115=17+1.
116=18+1.
117=41+1.
118=(56+62+63+64+65+71+72+73+74)÷1.
119=(61+66+67+68+69+75+76+77+78)÷1.
120=101+1.
121=103+1.
122=104+1.
123=105+1.
124=106+1.
125= 94+1.
126= 96+1.
127=100+1.
131= 51+13.
132= 62+15.
133= 52+13.
134= 63+15.
135= 94+(13+freight-car proportion of 15).
136= 96+(13+freight-car proportion of 15).
137= 61+14.
138=(66+67+68+69)+15.
139=100+(14+passenger-car proportion of 15).
140=101+(13+freight-car proportion of 15).
141=103+(14+passenger-car proportion of 15).
142=104+17.
143=105+17.
144=106+17.
151= 13+24.
152= 56+24.
153= 14+28.
154= 61+28.
155= 15+32.
156= 70+32.
157= 16+36.
158= 70+36.
162= 96+(51+62).
163=101+(51+62).
171=100+(57+58+66+67).
172=102+(57+58+66+67).
181= 94+91.
182= 95+92.
183= 96+93.
184=100+99.
185=101+91.
186=101+94.
187=102+99.
188=102+100.
189=105+104.

(See notes on page 510)

| Item No. | Item. (a) | With steam locomotives. (b) | With electric and other locomotives. (c) | Without locomotives. (d) | Total. (e) |
|---|---|---|---|---|---|
| 1 | Average mileage of road operated,† (miles), | * * * | * * * | * * * | 6,735.58 |
| | TRAIN-MILES. | * * * | * * * | * * * | * * * |
| 11 | Freight—ordinary, | 5 297 009 | | | 5 297 009 |
| 12 | " —light, | 22 650 | | | 22 650 |
| 13 | " —total, | 5 319 659 | | | 5 319 659 |
| 14 | Passenger, | 5 188 294 | | 1 100 582 | 6 288 876 |
| 15 | Mixed, (Frt. 681 257 , Pass. 157 936 ), | 839 193 | | | 839 193 |
| 16 | Special, | 3 564 | | | 3 564 |
| 17 | Total transportation service, | 11 350 710 | | 1 100 582 | 12 451 292 |
| 18 | Work service, | 123 683 | | | 123 683 |
| | LOCOMOTIVE-MILES. | * * * | * * * | * * * | * * * |
| 21 | Freight—principal, | 5 323 141 | | * * * | 5 323 141 |
| 22 | " —helper, | 345 159 | | * * * | 345 159 |
| 23 | " —light, | 358 014 | | * * * | 358 014 |
| 24 | " —total, | 6 026 314 | | * * * | 6 026 314 |
| 25 | Passenger—principal, | 5 188 294 | | * * * | 5 188 294 |
| 26 | " —helper, | 164 952 | | * * * | 164 952 |
| 27 | " —light, | 148 164 | | * * * | 148 164 |
| 28 | " —total, | 5 501 410 | | * * * | 5 501 410 |
| 29 | Mixed train—principal, | 839 213 | | * * * | 839 213 |
| 30 | " " —helper, | 468 | | * * * | 468 |
| 31 | " " —light, | 23 563 | | * * * | 23 563 |
| 32 | " " —total, | 863 244 | | * * * | 863 244 |
| 33 | Special—principal, | 3 564 | | * * * | 3 564 |
| 34 | " —helper, | 1 041 | | * * * | 1 041 |
| 35 | " —light, | 796 | | * * * | 796 |
| 36 | " —total, | 5 401 | | * * * | 5 401 |
| 37 | Train switching, | 638 877 | | * * * | 638 877 |
| 38 | Yard switching—freight, | 2 668 668 | | * * * | 2 668 668 |
| 39 | " " —passenger, | 211 427 | | * * * | 211 427 |
| 40 | " " —total, | 2 880 095 | | * * * | 2 880 095 |
| 41 | Total transportation service, | 15 915 341 | | * * * | 15 915 341 |
| 42 | Work service, | 157 216 | | * * * | 157 216 |
| | CAR-MILES. | * * * | * * * | * * * | * * * |
| 51 | Freight train—loaded, | 159 201 620 | | | 159 201 620 |
| 52 | " " —empty, | 79 608 909 | | | 79 608 909 |
| 53 | Sum of loaded and empty, | 238 810 529 | | | 238 810 529 |
| 54 | Freight train—caboose, | 5 900 091 | | | 5 900 091 |
| 55 | " " —exclusive work equipment, | 1 509 179 | | | 1 509 179 |
| 56 | " " —total, | 246 219 799 | | | 246 219 799 |
| 57 | Passenger train—passenger, | 8 911 776 | | 1 197 244 | 10 109 020 |
| 58 | " " —sleeping, parlor, and observation, | 12 343 165 | | 25 666 | 12 368 831 |
| 59 | " " —dining, | 1 627 541 | | | 1 627 541 |
| 60 | " " —other, | 13 804 345 | | 445 272 | 14 249 617 |
| 61 | " " —total, | 36 686 827 | | 1 668 182 | 38 355 009 |

† Two decimal places required.

STATE COMMISSION FORM—STEAM.

## 531. STATISTICS OF RAIL-LINE OPERATIONS—ENTIRE LINE—Concluded.

| Item No. | Item. (a) | With steam locomotives. (b) | | | With electric and other locomotives. (c) | | | Without locomotives. (d) | | | Total. (e) | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Car-miles—Continued. | * * | * * | * * | * * | * * | * * | * * | * * | * * | * * | * * | * * |
| 62 | Mixed train—freight—loaded, | 3 | 620 | 214 | | | | | | | 3 | 620 | 214 |
| 63 | " " —freight—empty, | 2 | 377 | 144 | | | | | | | 2 | 377 | 144 |
| 64 | " " —caboose | | 90 | 662 | | | | | | | | 90 | 662 |
| 65 | " " —exclusive work equipment, | | 106 | 397 | | | | | | | | 106 | 397 |
| 66 | " " —passenger, | | 775 | 276 | | | | | | | | 775 | 276 |
| 67 | " " —sleeping, parlor, and observation, | | | 440 | | | | | | | | | 440 |
| 68 | " " —dining, | | | | | | | | | | | | |
| 69 | " " —other passenger-train, | | 568 | 306 | | | | | | | | 568 | 306 |
| 70 | " " —total, | 7 | 538 | 439 | | | | | | | 7 | 538 | 439 |
| 71 | Special train—freight—loaded, | | 40 | 148 | | | | | | | | 40 | 148 |
| 72 | " " —freight—empty, | | | | | | | | | | | | |
| 73 | " " —caboose, | | 2 | 724 | | | | | | | | 2 | 724 |
| 74 | " " —exclusive work equipment, | | | | | | | | | | | | |
| 75 | " " —passenger, | | 13 | 783 | | | | | | | | 13 | 783 |
| 76 | " " —sleeping, parlor, and observation, | | 3 | 352 | | | | | | | | 3 | 352 |
| 77 | " " —dining, | | | 686 | | | | | | | | | 686 |
| 78 | " " —other passenger-train, | | 1 | 992 | | | | | | | | 1 | 992 |
| 79 | " " —total, | | 62 | 685 | | | | | | | | 62 | 685 |
| 80 | Total transportation service, | 290 | 507 | 750 | | | | 1 | 668 | 182 | 292 | 175 | 932 |
| 81 | Work service, | | 508 | 005 | | | | | | | | 508 | 005 |

| Item No. | Item. (f) | Amount. (g) | Item No. | Item. (h) | Amount. (i) |
|---|---|---|---|---|---|
| | Freight Service. | * * * * * | | Averages per Train-mile. | * * * * * |
| 91 | Tons—revenue freight, | 11,503,689 | 131 | Loaded freight car-miles—freight trains,† | 29.93 |
| 92 | " —nonrevenue freight, | 2,646,251 | 132 | " " " " —mixed trains,† | 4.31 |
| 93 | " —total, | 14,149,940 | 133 | Empty freight car-miles—freight trains,† | 14.97 |
| 94 | Ton-miles—revenue freight, | 3,087,635,928 | 134 | " " " " —mixed trains,† | 2.83 |
| 95 | " " —nonrevenue freight, | 614,512,538 | 135 | Ton-miles—revenue freight,† | 514.53 |
| 96 | " " —total, | 3,702,147,566 | 136 | " —all freight,† | 616.93 |
| 97 | Gross ton-miles, incl. locomotives and tenders, | , , | 137 | Passenger train car-miles—passenger trains,† | 6.10 |
| 98 | " " " excl. locomotives and tenders, | , , | 138 | " " " " —mixed trains,† | 1.60 |
| | Passenger Service. | * * * * * | 139 | Revenue passenger-miles,† | 24.18 |
| 99 | Passengers carried—revenue, | , 768,775 | 140 | Freight revenue,† | $ 6.46 |
| 100 | Passenger-miles—revenue, | 155,891,317 | 141 | Passenger service train revenue,† | .97 |
| | Revenues and Expenses. | $ * * * * * | 142 | Operating revenues,† | 3.78 |
| 101 | Freight revenue,† | 38,789,246.46 | 143 | " expenses,† | 3.33 |
| 102 | Passenger revenue,† | 3,648,155.53 | 144 | Net operating revenues,† | .45 |
| 103 | Passenger service train revenue,† | 6,255,306.22 | | Averages per Locomotive-mile. | * * * * * |
| 104 | Operating revenues,† | 47,084,176.47 | 151 | Train-miles—freight trains,† | .88 |
| 105 | " expenses,† | 41,433,179.52 | 152 | Car-miles—freight trains,† | 40.86 |
| 106 | Net operating revenues,† | 5,650,996.95 | 153 | Train-miles—passenger trains,† | .94 |
| | Averages per Mile of Road.* | * * * * * | 154 | Car-miles—passenger trains,† | 6.67 |
| 111 | Freight-train miles, 5,328.31 | , 998 | 155 | Train-miles—mixed trains,† | .97 |
| 112 | Passenger-train miles, 4,412.73 | , 1,425 | 156 | Car-miles—mixed trains,† | 8.73 |
| 113 | Mixed-train miles, 1,436.76 | , 584 | 157 | Train-miles—special trains,† | .66 |
| 114 | Special-train miles, 6,426.73 | , 1 | 158 | Car-miles—special trains,† | 11.61 |
| 115 | Transportation service train-miles 6,426.73 | , 1,937 | | Averages per Loaded Freight Car-mile. | * * * * * |
| 116 | Work-train miles, 6,426.73 | , 19 | 162 | Ton-miles—all freight,† | # 22.51 |
| 117 | Locomotive-miles—transportation 6,426.73 | , 2,476 | 163 | Freight revenue,‡ | $ .23825 |
| 118 | Freight service car-miles, 6,397.39 | , 39,463 | | Averages per Car-mile—Passenger. | * * * * * |
| 119 | Passenger service car-miles, 5,646.52 | , 7,034 | 171 | Passenger-miles—revenue,† | 6.70 |
| 120 | Freight revenue,† 6,686.63 | $ 5,801.02 | 172 | Passenger revenue,‡ | $ .15689 |
| 121 | Passenger service train revenue,† 5,871.55 | 1,065.36 | | Miscellaneous Averages. | * * * * * |
| 122 | Operating revenues,† 6,735.58 | 6,990.37 | 181 | Miles hauled—revenue freight,† | 268.40 |
| 123 | " expenses,† 6,735.58 | 6,151.39 | 182 | " " —nonrevenue freight,† | 232.22 |
| 124 | Net operating revenues,† 6,735.58 | , 838.98 | 183 | " " —all freight,† | 261.64 |
| 125 | Ton-miles—revenue freight, 6,686.63 | , 461,763 | 184 | Miles carried—revenue passengers,† | 202.78 |
| 126 | " —all freight, 6,686.63 | , 553,664 | 185 | Revenue per ton of freight,‡ | $ 3.37190 |
| 127 | Passenger-miles—revenue, 5,871.55 | , 26,550 | 186 | " " ton-mile of freight,‡ | .01256 |
| | | | 187 | " " passenger,‡ | 4.74541 |
| | | | 188 | " " passenger-mile,‡ | .02340 |
| | | | 189 | Operating ratio,† | % 88.00 |

Miles of road

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## 710. RAILWAY OPERATING REVENUES EARNED WITHIN THE STATE.

[FOR ROADS MAKING OPERATING REPORTS.]

State the railway operating revenues of the respondent for the year (classified in accordance with the Uniform System of Accounts for Steam Railway Corporations), and the comparison of such revenues with those of the preceding year (showing increases in black and decreases in red) for each of the several classes. The proportion of joint traffic receipts belonging to other carriers should not be included in column (b).

| Line No. | Class of Railway Operating Revenues (a) | Total amount of revenue for the year. (b) | Comparison with total revenue of preceding year. (Increases in black, decreases in red.) (c) | Revenues Earned Within the State. On intrastate traffic. (d) | On interstate traffic. (e) | Total. (f) |
|---|---|---|---|---|---|---|
| | | $ c. | $ c. | $ c. | $ c. | $ c. |
| 1 | (101) Freight, | | | 5 497 481 52 | 5 073 127 87 | 10 570 609 39 |
| 2 | (102) Passenger, | | | 379 715 40 | 563 535 33 | 943 250 73 |
| 3 | (103) Excess baggage, | | | 3 268 50 | 4 850 93 | 8 119 53 |
| 4 | (104) Sleeping car, | | | 6 11 | 45 39 | 51 50 |
| 5 | (105) Parlor and chair car, | | | 6 292 77 | 3 617 28 | 9 910 05 |
| 6 | (106) Mail, | | | | 361 952 57 | 361 952 57 |
| 7 | (107) Express, | | | | 166 838 45 | 166 838 45 |
| 8 | (108) Other passenger-train, | | | 7 765 59 | 19 217 01 | 26 982 60 |
| 9 | (109) Milk, | | | 17 129 00 | 8 843 30 | 25 972 30 |
| 10 | (110) Switching, | | | 348 218 15 | | 348 218 15 |
| 11 | (111) Special service train, | | | 9 977 25 | 4 286 15 | 14 263 40 |
| 12 | (112) Other freight-train, | | | 132 541 87 | | 132 641 87 |
| 13 | (113) Water transfers—Freight, | | | | | |
| 14 | (114) Water transfers—Passenger, | | | | | |
| 15 | (115) Water transfers—Vehicles and live stock, | | | | | |
| 16 | (116) Water transfers—Other, | | | | | |
| 17 | Total rail-line transportation revenue, | | | 6 402 496 26 | 6 206 314 28 | 12 608 810 54 |
| 18 | (121) Freight, | | | | | |
| 19 | (122) Passenger, | | | | | |
| 20 | (123) Excess baggage, | | Data for columns (b) and (c) not required. | | | |
| 21 | (124) Other passenger service, | | | | | |
| 22 | (125) Mail, | | | | | |
| 23 | (126) Express, | | | | | |
| 24 | (127) Special service, | | | | | |
| 25 | (128) Other, | | | | | |
| 26 | Total water-line transportation revenue, | | | | | |
| 27 | (131) Dining and buffet, | | | 26 188 02 | 38 859 22 | 65 047 24 |
| 28 | (132) Hotel and restaurant, | | | 100 434 25 | | 100 434 25 |
| 29 | (133) Station, train, and boat privileges, | | | 2 717 36 | | 2 717 36 |
| 30 | (134) Parcel room, | | | 4 318 85 | | 4 318 85 |
| 31 | (135) Storage—Freight, | | | 2 589 81 | | 2 589 81 |
| 32 | (136) Storage—Baggage, | | | 2 155 76 | | 2 155 76 |
| 33 | (137) Demurrage, | | | 21 852 00 | | 21 852 00 |
| 34 | (138) Telegraph and telephone, | | | | 23 906 52 | 23 906 52 |
| 35 | (139) Grain elevator, | | | | | |
| 36 | (140) Stockyard, | | | | | |
| 37 | (141) Power, | | | | | |
| 38 | (142) Rents of buildings and other property, | | | 7 331 71 | | 7 331 71 |
| 39 | (143) Miscellaneous, | | | 47 516 59 | 18 145 96 | 65 662 55 |
| 40 | Total incidental operating revenue, | | | 215 104 35 | 80 911 70 | 296 016 05 |
| 41 | (151) Joint facility—Cr., | | | 4 561 91 | 75 317 57 | 79 879 48 |
| 42 | (152) Joint facility—Dr., | | | 8 203 53 | 131 176 92 | 139 380 45 |
| 43 | Total joint facility operating revenue, | | | Dr. 3 641 62 | Dr. 55 859 35 | Dr. 59 500 97 |
| 44 | Total railway operating revenues, | | | 6 615 958 99 | 6 231 366 63 | 12 845 325 62 |

50. State the rule or rules used by the respondent in assigning revenues from interstate traffic to the several States in which such traffic moves.

(See note on page 707 regarding apportionment.)

531-532

## 720. RAILWAY OPERATING EXPENSES—CLASS I COMPANIES—WITHIN THE STATE.

[FOR COMPANIES HAVING ANNUAL OPERATING REVENUES ABOVE $1,000,000.]

State the railway operating expenses on respondent's road for the year, classifying them in accordance with the Uniform System of Accounts for Steam Railway Corporations, and analyzing them in accordance with the Commission's Rules Governing the Separation of Operating Expenses, effective on January 1, 1920. The returns against "Yard" in accounts Nos. 202–226 should be those applying to tracks in yards where a separate switching service is maintained, as provided for by instructions pertaining to those accounts in the effective Rules.

| Line No. | Name of Railway Operating Expense Account. (a) | Amount of operating expenses for the year. (b) | Expenses related solely to freight service. (c) | Expenses related solely to passenger and allied services. (d) | Expenses Related in Common to Both Freight Service and Passenger and Allied Services. Apportioned to freight service. (e) | Expenses Related in Common to Both Freight Service and Passenger and Allied Services. Apportioned to passenger and allied services. (f) | Expenses not related to either freight service or passenger and allied services. (g) |
|---|---|---|---|---|---|---|---|
| 1 | I. Maintenance of Way and Structures. | $ . . c. | $ . . c. | $ . . c. | $ . . c. | $ . . c. | $ . . c. |
| 2 | (201) Superintendence, | 231 211 44 | | | 164 559 19 | 66 652 25 | |
| 3 | (202) Roadway maintenance—Yard, | 36 810 44 | 16 995 93 | 543 72 | 17 333 11 | 1 937 68 | |
| 4 | Roadway maintenance—Other, | 216 449 61 | | | 143 405 82 | 73 045 79 | |
| 5 | (203) Roadway—Depreciation—Yard, | | | | | | |
| 6 | Roadway—Depreciation—Other, | | | | | | |
| 7 | (204) Underground power tubes—Yard, | | | | | | |
| 8 | Underground power tubes—Other, | | | | | | |
| 9 | (205) Underground power tubes—Depreciation—Yard, | | | | | | |
| 10 | Underground power tubes—Depreciation—Other, | | | | | | |
| 11 | (206) Tunnels and subways—Yard, | Cr. 1 99 | | Cr. 1 99 | | | |
| 12 | Tunnels and subways—Other, | 18 607 11 | | | 12 885 42 | 5 721 69 | |
| 13 | (207) Tunnels and subways—Depreciation—Yard, | | | | | | |
| 14 | Tunnels and subways—Depreciation—Other, | | | | | | |
| 15 | (208) Bridges, trestles, and culverts—Yard, | 119 547 38 | 110 927 36 | | 7 669 53 | 750 49 | |
| 16 | Bridges, trestles, and culverts—Other, | 200 924 65 | | | 137 541 56 | 63 383 09 | |
| 17 | (209) Bridges, trestles, and culverts—Depreciation—Yard, | | | | | | |
| 18 | Bridges, trestles, and culverts—Depreciation—Other, | | | | | | |
| 19 | (210) Elevated structures—Yard, | | | | | | |
| 20 | Elevated structures—Other, | | | | | | |
| 21 | (211) Elevated structures—Depreciation—Yard, | | | | | | |
| 22 | Elevated structures—Depreciation—Other, | | | | | | |
| 23 | (212) Ties—Yard, | 91 717 66 | 25 933 74 | 999 20 | 58 605 35 | 6 179 37 | |
| 24 | Ties—Other, | 402 766 63 | | | 266 521 28 | 136 245 35 | |
| 25 | (213) Ties—Depreciation—Yard, | | | | | | |
| 26 | Ties—Depreciation—Other, | | | | | | |
| 27 | (214) Rails—Yard, | 27 233 06 | 2 557 92 | 290 57 | 23 016 35 | 1 368 22 | |
| 28 | Rails—Other, | 3 977 01 | | | 3 028 87 | 948 14 | |
| 29 | (215) Rails—Depreciation—Yard, | | | | | | |
| 30 | Rails—Depreciation—Other, | | | | | | |
| 31 | (216) Other track material—Yard, | 45 597 18 | 11 769 59 | 776 44 | 31 203 60 | 2 847 55 | |
| 32 | Other track material—Other, | 40 780 18 | | | 27 065 49 | 13 714 69 | |
| 33 | (217) Other track material—Depreciation—Yard, | | | | | | |
| 34 | Other track material—Depreciation—Other, | | | | | | |
| 35 | (218) Ballast—Yard, | Cr. 9 188 52 | 81 48 | Cr. | 8 351 32 | Cr. 918 68 | |
| 36 | Ballast—Other, | Cr. 464 55 | | Cr. | 345 55 | Cr. 119 00 | |
| 37 | (219) Ballast—Depreciation—Yard, | | | | | | |
| 38 | Ballast—Depreciation—Other, | | | | | | |

| | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 39 | (220) Track laying and surfacing—Yard, | | 73 | 062 | 72 | | 24 | 393 | 68 | | 2 | 491 | 35 | | 42 | 050 | 98 | | 4 | 126 | 71 | | | | |
| 40 | Track laying and surfacing—Other, | | 312 | 489 | 39 | | | | | | | | | | 204 | 919 | 84 | | 107 | 569 | 55 | | | | |
| 41 | (221) Right-of-way fences—Yard, | | | 397 | 17 | | | 95 | 95 | | | | | | | 278 | 40 | | | 22 | 82 | | | | |
| 42 | Right-of-way fences—Other, | | 5 | 470 | 37 | | | | | | | | | | 3 | 512 | 82 | | 1 | 957 | 55 | | | | |
| 43 | (222) Right-of-way fences—Depreciation—Yard, | | | | | | | | | | | | | | | | | | | | | | | | |
| 44 | Right-of-way fences—Depreciation—Other, | | | | | | | | | | | | | | | | | | | | | | | | |
| 45 | (223) Snow and sand fences and snowsheds—Yard, | | | | | | | | | | | | | | | | | | | | | | | | |
| 46 | Snow and sand fences and snowsheds—Other, | | | 253 | 41 | | | | | | | | | | | 162 | 50 | | | 90 | 91 | | | | |
| 47 | (224) Snow and sand fences and snowsheds—Depreciation—Yard, | | | | | | | | | | | | | | | | | | | | | | | | |
| 48 | Snow and sand fences and snowsheds—Depreciation—Other, | | | | | | | | | | | | | | | | | | | | | | | | |
| 49 | (225) Crossings and signs—Yard, | | 24 | 286 | 87 | | 10 | 954 | 88 | | | 96 | 70 | | 12 | 000 | 00 | | 1 | 235 | 29 | | | | |
| 50 | Crossings and signs—Other, | | 20 | 492 | 60 | | | | | | | | | | 13 | 343 | 44 | | 7 | 149 | 16 | | | | |
| 51 | (226) Crossings and signs—Depreciation—Yard, | | | | | | | | | | | | | | | | | | | | | | | | |
| 52 | Crossings and signs—Depreciation—Other, | | | | | | | | | | | | | | | | | | | | | | | | |
| 53 | (227) Station and office buildings, | | 11 | 147 | 05 | Cr. | 22 | 297 | 50 | | 15 | 758 | 32 | | 12 | 812 | 98 | | 4 | 873 | 25 | | | | |
| 54 | (228) Station and office buildings—Depreciation, | | | | | | | | | | | | | | | | | | | | | | | | |
| 55 | (229) Roadway buildings, | | 6 | 250 | 20 | | | | | | | | | | 4 | 600 | 80 | | 1 | 649 | 40 | | | | |
| 56 | (230) Roadway buildings—Depreciation, | | | | | | | | | | | | | | | | | | | | | | | | |
| 57 | (231) Water stations, | | 21 | 260 | 24 | | | | | | | | | | 14 | 887 | 18 | | 6 | 373 | 06 | | | | |
| 58 | (232) Water stations—Depreciation, | | | | | | | | | | | | | | | | | | | | | | | | |
| 59 | (233) Fuel stations, | | 12 | 664 | 64 | | | | | | | | | | 8 | 810 | 98 | | 3 | 853 | 66 | | | | |
| 60 | (234) Fuel stations—Depreciation, | | | | | | | | | | | | | | | | | | | | | | | | |
| 61 | (235) Shops and enginehouses, | | 107 | 061 | 09 | | | 5 | 59 | | | | | | 81 | 753 | 12 | | 25 | 302 | 38 | | | | |
| 62 | (236) Shops and enginehouses—Depreciation, | | | | | | | | | | | | | | | | | | | | | | | | |
| 63 | (237) Grain elevators, | | | | | | | | | | | | | | | | | | | | | | | | |
| 64 | (238) Grain elevators—Depreciation, | | | | | | | | | | | | | | | | | | | | | | | | |
| 65 | (239) Storage warehouses, | | | | | | | | | | | | | | | | | | | | | | | | |
| 66 | (240) Storage warehouses—Depreciation, | | | | | | | | | | | | | | | | | | | | | | | | |
| 67 | (241) Wharves and docks, | | 1 | 403 | 16 | | 1 | 403 | 16 | | | | | | | | | | | | | | | | |
| 68 | (242) Wharves and docks—Depreciation, | | | | | | | | | | | | | | | | | | | | | | | | |
| 69 | (243) Coal and ore wharves, | | 1 | 007 | 64 | | 1 | 007 | 64 | | | | | | | | | | | | | | | | |
| 70 | (244) Coal and ore wharves—Depreciation, | | | | | | | | | | | | | | | | | | | | | | | | |
| 71 | (245) Gas producing plants, | | | 288 | 86 | | | | | | | | | | | 218 | 52 | | | 70 | 33 | | | | |
| 72 | (246) Gas producing plants—Depreciation, | | | | | | | | | | | | | | | | | | | | | | | | |
| 73 | (247) Telegraph and telephone lines, | | 93 | 096 | 81 | | | | | | | | | | 60 | 893 | 09 | | 32 | 203 | 72 | | | | |
| 74 | (248) Telegraph and telephone lines—Depreciation, | | | | | | | | | | | | | | | | | | | | | | | | |
| 75 | (249) Signals and interlockers, | | 59 | 608 | 54 | | | 17 | 09 | | | 48 | 05 | | 38 | 620 | 58 | | 20 | 922 | 82 | | | | |
| 76 | (250) Signals and interlockers—Depreciation, | | | | | | | | | | | | | | | | | | | | | | | | |
| 77 | (251) Power plant dams, canals, and pipe lines, | | | | | | | | | | | | | | | | | | | | | | | | |
| 78 | (252) Power plant dams, canals, and pipe lines—Depreciation, | | | | | | | | | | | | | | | | | | | | | | | | |
| 79 | (253) Power plant buildings, | | 1 | 955 | 00 | | | | | | | | | | 1 | 468 | 56 | | | 486 | 44 | | | | |
| 80 | (254) Power plant buildings—Depreciation. | | | | | | | | | | | | | | | | | | | | | | | | |
| 81 | (255) Power substation buildings, | | | | | | | | | | | | | | | | | | | | | | | | |
| 82 | (256) Power substation buildings—Depreciation, | | | | | | | | | | | | | | | | | | | | | | | | |
| 83 | (257) Power transmission systems, | | | 714 | 27 | | | 4 | 83 | | | | | | | 462 | 01 | | | 247 | 43 | | | | |
| 84 | (258) Power transmission systems—Depreciation, | | | | | | | | | | | | | | | | | | | | | | | | |
| 85 | (259) Power distribution systems, | | 1 | 613 | 52 | | | | | | | | | | 1 | 148 | 54 | | | 465 | 18 | | | | |
| 86 | (260) Power distribution systems—Depreciation, | | | | | | | | | | | | | | | | | | | | | | | | |
| 87 | Carried forward, | | 2 | 181 | 290 | 83 | | 183 | 851 | 34 | | 21 | 002 | 86 | 1 | 386 | 080 | 84 | | 590 | 356 | 29 | | | | |

## 720. RAILWAY OPERATING EXPENSES—CLASS I COMPANIES—WITHIN THE STATE—Concluded.

| Line No. | Name of Railway Operating Expense Account. (a) | Amount of operating expenses for the year. (b) | Expenses related solely to freight service. (c) | Expenses related solely to passenger and allied services. (d) | Expenses Related in Common to Both Freight Service and Passenger and Allied Services. Apportioned to freight service. (e) | Expenses Related in Common to Both Freight Service and Passenger and Allied Services. Apportioned to passenger and allied services. (f) | Expenses not related to either freight service or passenger and allied services. (g) |
|---|---|---|---|---|---|---|---|
| | | $ c. | $ c. | $ c. | $ c. | $ c. | $ c. |
| 88 | Maintenance of Way and Structures—Brought forward, | 2 181 290 83 | 183 851 34 | 21 002 36 | 1 386 080 84 | 590 356 29 | |
| 89 | (261) Power line poles and fixtures | 2 083 43 | | | 1 387 70 | 695 73 | |
| 90 | (262) Power line poles and fixtures—Depreciation, | | | | | | |
| 91 | (263) Underground conduits, | Cr. 1 607 00 | | | Cr. 1 215 70 | Cr. 391 30 | |
| 92 | (264) Underground conduits—Depreciation, | | | | | | |
| 93 | (265) Miscellaneous structures, | 340 17 | | | 257 34 | 82 83 | |
| 94 | (266) Miscellaneous structures—Depreciation, | | | | | | |
| 95 | (267) Paving, | 11 469 99 | | | 8 705 61 | 2 764 38 | |
| 96 | (268) Paving—Depreciation, | | | | | | |
| 97 | (269) Roadway machines, | 17 177 03 | 32 60 | | 12 619 09 | 4 525 34 | |
| 98 | (270) Roadway machines—Depreciation, | | | | | | |
| 99 | (271) Small tools and supplies, | 31 112 78 | 80 75 | | 22 687 87 | 8 344 16 | |
| 100 | (272) Removing snow, ice, and sand, | 30 167 63 | 375 16 | | 21 478 17 | 8 314 30 | |
| 101 | (273) Assessments for public improvements, | 3 170 14 | | | 2 230 16 | 939 98 | |
| 102 | (274) Injuries to persons, | 16 632 26 | 1 330 00 | 450 00 | 10 834 97 | 4 017 29 | |
| 103 | (275) Insurance, | 23 93 | 57 38 | | Cr. 27 69 | Cr. 5 76 | |
| 104 | (276) Stationery and printing, | 3 601 74 | | | 2 618 62 | 983 12 | |
| 105 | (277) Other expenses, | 67 35 | | | 50 95 | 16 40 | |
| 106 | Total of accounts Nos. 201 to 277, | 2 295 530 28 | 185 727 23 | 21 452 36 | 1 467 707 93 | 620 642 76 | |
| 107 | (278) Maintaining joint tracks, yards, and other facilities—Dr., | 49 777 07 | 28 039 80 | Cr. 373 14 | 14 403 16 | 7 707 25 | |
| 108 | (279) Maintaining joint tracks, yards, and other facilities—Cr., | 370 592 58 | 45 893 55 | 4 863 50 | 199 471 69 | 120 364 04 | |
| 109 | (280) Equalization—Way and structures, | | | | | | |
| 110 | Total—All depreciation accounts, | | | | | | |
| 111 | Total—All other maintenance of way and structure accounts, | | | | | | |
| 112 | Total maintenance of way and structures, | 1 974 714 77 | 167 873 58 | 16 215 72 | 1 282 639 40 | 507 985 97 | |
| 113 | II. Maintenance of Equipment. | * * * * * | * * * * * | * * * * * | * * * * * | * * * * * | * * * * * |
| 114 | (301) Superintendence, | 124 684 35 | 24 51 | 338 29 | 95 586 52 | 28 735 03 | |
| 115 | (302) Shop machinery, | 35 989 88 | | | 26 213 58 | 9 776 30 | |
| 116 | (303) Shop machinery—Depreciation, | | | | | | |
| 117 | (304) Power plant machinery, | 5 596 04 | | | 4 073 21 | 1 522 83 | |
| 118 | (305) Power plant machinery—Depreciation, | | | | | | |
| 119 | (306) Power substation apparatus, | 6 75 | | | 4 99 | 1 76 | |
| 120 | (307) Power substation apparatus—Depreciation, | | | | | | |
| 121 | (308) Steam locomotives—Repairs, | 820 068 48 | 382 370 40 | 160 098 60 | 246 605 86 | 30 993 62 | |
| 122 | (309) Steam locomotives—Depreciation, | 342 516 75 | | | 264 754 81 | 77 761 94 | |
| 123 | (310) Steam locomotives—Retirements, | 4 723 79 | | | 3 649 98 | 1 073 81 | |
| 124 | (311) Other locomotives—Repairs, | | | | | | |
| 125 | (312) Other locomotives—Depreciation, | | | | | | |
| 126 | (313) Other locomotives—Retirements, | | | | | | |
| 127 | (314) Freight-train cars—Repairs | 521 920 06 | 521 920 06 | | | | |
| 128 | (315) Freight-train cars—Depreciation, | 602 479 29 | 602 479 29 | | | | |
| 129 | (316) Freight-train cars—Retirements, | 17 958 76 | 17 958 76 | | | | |

| | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 130 | (317) Passenger-train cars—Repairs, | | 211 | 892 | 56 | | | | | 211 | 892 | 56 | | | | | | | | | | | | | | | |
| 131 | (318) Passenger-train cars—Depreciation, | | 105 | 367 | 49 | | | | | 105 | 367 | 49 | | | | | | | | | | | | | | | |
| 132 | (319) Passenger-train cars—Retirements, | | | 100 | 95 | | | | | | 100 | 95 | | | | | | | | | | | | | | | |
| 133 | (320) Motor equipment of cars—Repairs, | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 134 | (321) Motor equipment of cars—Depreciation, | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 135 | (322) Motor equipment of cars—Retirements, | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 136 | (323) Floating equipment—Repairs, | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 137 | (324) Floating equipment—Depreciation, | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 138 | (325) Floating equipment—Retirements, | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 139 | (326) Work equipment—Repairs, | | 41 | 387 | 70 | | | | | | | | | 29 | 649 | 21 | | 11 | 738 | 49 | | | | | | | |
| 140 | (327) Work equipment—Depreciation, | | 38 | 910 | 20 | | | | | | | | | 27 | 592 | 67 | | 11 | 317 | 53 | | | | | | | |
| 141 | (328) Work equipment—Retirements, | | 3 | 308 | 56 | | | | | | | | | 2 | 345 | 94 | | | 962 | 62 | | | | | | | |
| 142 | (329) Miscellaneous equipment—Repairs, | | | 463 | 99 | | | 182 | 36 | | | 3 | 95 | | 212 | 30 | | | 65 | 38 | | | | | | | |
| 143 | (330) Miscellaneous equipment—Depreciation, | | | 551 | 83 | | | | | | | | | | 421 | 92 | | | 129 | 91 | | | | | | | |
| 144 | (331) Miscellaneous equipment—Retirements, | | | 142 | 19 | | | | | | | | | | 108 | 72 | | | 33 | 47 | | | | | | | |
| 145 | (332) Injuries to persons, | | 8 | 543 | 54 | | | 553 | 23 | | | | | 6 | 166 | 75 | | 1 | 823 | 56 | | | | | | | |
| 146 | (333) Insurance, | | 3 | 522 | 91 | | | | | | 936 | 80 | | 1 | 962 | 32 | | | 623 | 79 | | | | | | | |
| 147 | (334) Stationery and printing, | | 2 | 078 | 96 | | | | | | | | | 1 | 603 | 46 | | | 475 | 50 | | | | | | | |
| 148 | (335) Other expenses, | | | 35 | 91 | | | | | | 2 | 19 | | | 24 | 49 | | | 7 | 23 | | | | | | | |
| 149 | Total of accounts Nos. 301 to 335, | 2 | 892 | 248 | 94 | 1 | 525 | 488 | 61 | | 478 | 740 | 83 | 710 | 976 | 73 | | 177 | 042 | 77 | | | | | | | |
| 150 | (336) Maintaining joint equipment—Dr., | | 40 | 506 | 15 | | 34 | 867 | 08 | | 2 | 592 | 63 | 2 | 309 | 40 | | | 757 | 04 | | | | | | | |
| 151 | (337) Maintaining joint equipment—Cr., | | 26 | 392 | 86 | | 28 | 167 | 23 | Dr. | 6 | 931 | 21 | 3 | 908 | 70 | | 1 | 248 | 14 | | | | | | | |
| 152 | (338) Equalization—Equipment, | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 153 | Total—All depreciation accounts, | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 154 | Total—All other maintenance of equipment accounts, | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 155 | Total maintenance of equipment, | 2 | 906 | 362 | 23 | 1 | 532 | 188 | 46 | | 488 | 264 | 67 | 709 | 377 | 43 | | 176 | 531 | 67 | | | | | | | |
| 156 | III. TRAFFIC. | * | * | * | * | * | * | * | * | * | * | * | * | * | * | * | * | * | * | * | * | * | * | * | * | * | * |
| 157 | (351) Superintendence, | | 127 | 003 | 81 | | 69 | 663 | 13 | | 32 | 506 | 24 | 12 | 553 | 65 | | 12 | 280 | 79 | | | | | | | |
| 158 | (352) Outside agencies, | | 270 | 665 | 75 | | 101 | 415 | 91 | | 102 | 337 | 22 | 33 | 727 | 28 | | 33 | 185 | 34 | | | | | | | |
| 159 | (353) Advertising, | | 75 | 337 | 88 | | 1 | 049 | 84 | | 73 | 364 | 32 | | 476 | 76 | | | 446 | 96 | | | | | | | |
| 160 | (354) Traffic associations, | | 13 | 151 | 12 | | 11 | 587 | 69 | | 1 | 563 | 43 | | | | | | | | | | | | | | |
| 161 | (355) Fast freight lines, | | 4 | 422 | 07 | | 4 | 422 | 07 | | | | | | | | | | | | | | | | | | |
| 162 | (356) Industrial and immigration bureaus, | | 27 | 935 | 47 | | | | | | | | | 14 | 001 | 57 | | 13 | 933 | 90 | | | | | | | |
| 163 | (357) Insurance, | | | 290 | 69 | | | 59 | 99 | | | 34 | 32 | | 103 | 48 | | | 92 | 90 | | | | | | | |
| 164 | (358) Stationery and printing, | | 35 | 693 | 44 | | 27 | 327 | 55 | | 4 | 327 | 58 | 2 | 041 | 99 | | 1 | 996 | 32 | | | | | | | |
| 165 | (359) Other expenses, | | 2 | 384 | 67 | | 1 | 921 | 67 | | | 467 | 61 | Cr. | 3 | 11 | Cr. | | 1 | 50 | | | | | | | |
| 166 | Total of accounts Nos. 351 to 359, | | 556 | 884 | 90 | | 217 | 447 | 85 | | 214 | 600 | 72 | 62 | 901 | 62 | | 61 | 954 | 71 | | | | | | | |
| 167 | IV. TRANSPORTATION—RAIL LINE. | * | * | * | * | * | * | * | * | * | * | * | * | * | * | * | * | * | * | * | * | * | * | * | * | * | * |
| 168 | (371) Superintendence, | | 159 | 917 | 68 | | 14 | 705 | 65 | | 6 | 326 | 57 | 101 | 568 | 87 | | 37 | 316 | 59 | | | | | | | |
| 169 | (372) Dispatching trains, | | 186 | 336 | 81 | | 4 | 148 | 16 | | | | | 88 | 964 | 01 | | 93 | 224 | 64 | | | | | | | |
| 170 | (373) Station employees, | | 966 | 047 | 68 | | 410 | 939 | 66 | | 161 | 957 | 08 | 287 | 962 | 51 | | 105 | 188 | 43 | | | | | | | |
| 171 | (374) Weighing, inspection, and demurrage bureaus, | | 26 | 753 | 64 | | 26 | 753 | 64 | | | | | | | | | | | | | | | | | | |
| 172 | (375) Coal and ore wharves, | | | 338 | 71 | | | 338 | 71 | | | | | | | | | | | | | | | | | | |
| 173 | (376) Station supplies and expenses, | | 80 | 115 | 11 | | 25 | 360 | 53 | | 29 | 784 | 62 | 18 | 352 | 94 | | 6 | 637 | 02 | | | | | | | |
| 174 | (377) Yardmasters and yard clerks, | | 300 | 137 | 94 | | 278 | 554 | 64 | | 21 | 583 | 30 | | | | | | | | | | | | | | |
| 175 | (378) Yard conductors and brakemen, | | 426 | 212 | 51 | | 385 | 735 | 30 | | 40 | 477 | 21 | | | | | | | | | | | | | | |
| 176 | Carried forward, | | | | | | | | | | | | | | | | | | | | | | | | | | |

## 720. RAILWAY OPERATING EXPENSES—CLASS I COMPANIES—WITHIN THE STATE—Concluded.

| Line No. | Name of Railway Operating Expense Account. (a) | Amount of operating expenses for the year. (b) | Expenses related solely to freight service. (c) | Expenses related solely to passenger and allied services. (d) | Expenses Related in Common to Both Freight Service and Passenger and Allied Services. Apportioned to freight service. (e) | Expenses Related in Common to Both Freight Service and Passenger and Allied Services. Apportioned to passenger and allied services. (f) | Expenses not related to either freight service or passenger and allied services. (g) |
|---|---|---|---|---|---|---|---|
| | | $ c. | $ c. | $ c. | $ c. | $ c. | $ c. |
| 177 | TRANSPORTATION—RAIL LINE—Brought forward, | | | | | | |
| 178 | (379) Yard switch and signal tenders, | 50 809 81 | 45 792 28 | 5 017 53 | | | |
| 179 | (380) Yard enginemen, | 278 930 44 | 252 418 42 | 26 512 02 | | | |
| 180 | (381) Yard motormen, | | | | | | |
| 181 | (382) Fuel for yard locomotives, | 204 107 66 | 182 582 64 | 21 525 02 | | | |
| 182 | (383) Yard switching power produced, | | | | | | |
| 183 | (384) Yard switching power purchased, | | | | | | |
| 184 | (385) Water for yard locomotives, | 5 571 38 | 4 987 20 | 584 18 | | | |
| 185 | (386) Lubricants for yard locomotives, | 2 506 51 | 2 257 60 | 248 91 | | | |
| 186 | (387) Other supplies for yard locomotives, | 2 897 41 | 2 647 81 | 249 60 | | | |
| 187 | (388) Enginehouse expenses—Yard, | 78 616 10 | 73 849 67 | 4 766 43 | | | |
| 188 | (389) Yard supplies and expenses, | 14 080 80 | 13 156 12 | 924 68 | | | |
| 189 | (392) Train enginemen, | 633 525 21 | 413 932 04 | 196 735 68 | 20 143 76 | 2 713 73 | |
| 190 | (393) Train motormen, | 22 538 27 | | 22 538 27 | | | |
| 191 | (394) Fuel for train locomotives, | 974 772 29 | 633 836 74 | 322 272 49 | 16 608 55 | 2 054 41 | |
| 192 | (395) Train power produced, | | | | | | |
| 193 | (396) Train power purchased, | | | | | | |
| 194 | (397) Water for train locomotives, | 28 374 62 | | | 18 752 68 | 9 621 94 | |
| 195 | (398) Lubricants for train locomotives, | 15 525 00 | 9 034 72 | 6 169 96 | 283 35 | 36 97 | |
| 196 | (399) Other supplies for train locomotives, | 9 279 64 | 5 603 04 | 3 462 38 | 187 71 | 26 51 | |
| 197 | (400) Enginehouse expenses—Train, | 217 928 95 | 149 382 99 | 57 336 10 | 10 002 79 | 1 207 07 | |
| 198 | (401) Trainmen, | 829 688 74 | 545 273 38 | 254 369 53 | 26 566 43 | 3 479 40 | |
| 199 | (402) Train supplies and expenses, | 196 263 74 | 74 082 54 | 122 181 20 | | | |
| 200 | (403) Operating sleeping cars, | | | | | | |
| 201 | (404) Signal and interlocker operation, | 48 563 11 | 306 36 | Cr. 52 55 | 30 215 86 | 18 093 44 | |
| 202 | (405) Crossing protection, | 67 658 92 | 60 92 | | 44 420 29 | 23 177 71 | |
| 203 | (406) Drawbridge operation, | 39 649 47 | 3 242 25 | | 28 002 13 | 8 405 09 | |
| 204 | (407) Telegraph and telephone operation, | 39 515 46 | 17 07 | 13 58 | 28 687 14 | 10 797 57 | |
| 205 | (408) Operating floating equipment, | | | | | | |
| 206 | (409) Express service, | | | | | | |
| 207 | (410) Stationery and printing, | 25 534 69 | 9 485 42 | 3 428 92 | 9 311 10 | 3 309 25 | |
| 208 | (411) Other expenses, | 9 895 70 | 3 762 40 | 2 107 53 | 2 820 92 | 1 204 75 | |
| 209 | (414) Insurance, | 1 502 90 | 357 68 | | 810 97 | 334 25 | |
| 210 | (415) Clearing wrecks, | 6 542 24 | 6 684 45 | 521 28 | 172 44 | 64 07 | |
| 211 | (416) Damage to property, | 18 132 54 | 3 584 54 | 1 003 90 | 10 010 52 | 3 534 48 | |
| 212 | (417) Damage to live stock on right of way, | 17 487 72 | 2 696 09 | 3 481 06 | 8 237 67 | 3 072 90 | |
| 213 | (418) Loss and damage—Freight, | 67 390 76 | 67 390 76 | | | | |
| 214 | (419) Loss and damage—Baggage, | 96 16 | | 96 16 | | | |
| 215 | (420) Injuries to persons, | 81 372 09 | 47 151 45 | 19 550 59 | 10 639 80 | 3 930 15 | |
| 216 | Total of accounts Nos. 371 to 389, 392 to 411, and 414 to 420, | 6 134 618 41 | 3 699 112 87 | 1 335 372 53 | 762 702 54 | 337 430 37 | |

| | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 217 | (390) Operating joint yards and terminals—Dr., | | 55 | 543 | 06 | | 43 | 942 | 02 | Cr. | | 109 | 74 | | 7 | 552 | 99 | | 4 | 057 | 79 | | | | |
| 218 | (391) Operating joint yards and terminals—Cr., | | 209 | 923 | 16 | | 144 | 716 | 71 | | 54 | 724 | 18 | | 6 | 855 | 07 | | 3 | 627 | 20 | | | | |
| 219 | (412) Operating joint tracks and facilities—Dr., | | 42 | 630 | 11 | | 25 | 316 | 69 | | 4 | 208 | 92 | | 8 | 771 | 13 | | 4 | 333 | 37 | | | | |
| 220 | (413) Operating joint tracks and facilities—Cr., | | 223 | 939 | 21 | | 40 | 627 | 34 | | 59 | 998 | 86 | | 80 | 181 | 18 | | 43 | 131 | 83 | | | | |
| 221 | Total transportation—Rail line, | 5 | 798 | 929 | 21 | 3 | 583 | 027 | 53 | 1 | 224 | 748 | 77 | | 592 | 090 | 41 | | 299 | 062 | 50 | | | | |
| 222 | V. TRANSPORTATION—WATER LINE. | | | | | | | | | | | | | | | | | | | | | | | | |
| 223 | (431) Operation of vessels, | | | | | | | | | | | | | | | | | | | | | | | | |
| 224 | (432) Operation of terminals, | | | | | | | | | | | | | | | | | | | | | | | | |
| 225 | (433) Incidental, | | | | | | | | | | | | | | | | | | | | | | | | |
| 226 | Total transportation—Water line, | | | | | | | | | | | | | | | | | | | | | | | | |
| 227 | VI. MISCELLANEOUS OPERATIONS. | | | | | | | | | | | | | | | | | | | | | | | | |
| 228 | (441) Dining and buffet service, | | 104 | 970 | 81 | | | | | | 104 | 970 | 81 | | | | | | | | | | | | |
| 229 | (442) Hotels and restaurants, | | 107 | 254 | 29 | | | | | | 40 | 398 | 03 | | 23 | 517 | 91 | | 43 | 338 | 35 | | | | |
| 230 | (443) Grain elevators, | | | | | | | | | | | | | | | | | | | | | | | | |
| 231 | (444) Stockyards, | | | | | | | | | | | | | | | | | | | | | | | | |
| 232 | (445) Producing power sold, | | | | | | | | | | | | | | | | | | | | | | | | |
| 233 | (446) Other miscellaneous operations, | | | | | | | | | | | | | | | | | | | | | | | | |
| 234 | Total miscellaneous operations, | | 212 | 225 | 10 | | | | | | 145 | 368 | 84 | | 23 | 517 | 91 | | 43 | 338 | 35 | | | | |
| 235 | VII. GENERAL. | | | | | | | | | | | | | | | | | | | | | | | | |
| 236 | (451) Salaries and expenses of general officers, | | 101 | 834 | 23 | | 8 | 720 | 56 | | 1 | 420 | 58 | | 65 | 888 | 60 | | 25 | 804 | 49 | | | | |
| 237 | (452) Salaries and expenses of clerks and attendants, | | 402 | 948 | 57 | | 114 | 390 | 31 | | 23 | 025 | 72 | | 190 | 808 | 39 | | 74 | 724 | 15 | | | | |
| 238 | (453) General office supplies and expenses, | | 25 | 156 | 33 | | | 938 | 63 | | | 53 | 79 | | 17 | 366 | 52 | | 6 | 797 | 39 | | | | |
| 239 | (454) Law expenses, | | 49 | 037 | 54 | | 2 | 247 | 64 | | | 122 | 39 | | 33 | 530 | 71 | | 13 | 136 | 80 | | | | |
| 240 | (455) Insurance, | | 1 | 393 | 48 | | | | | | | | | | 1 | 002 | 73 | | | 390 | 75 | | | | |
| 241 | (456) Relief department expenses, | | | | | | | | | | | | | | | | | | | | | | | | |
| 242 | (457) Pensions,* | | 276 | 300 | 95 | | | | | | | | | | 198 | 540 | 16 | | 77 | 760 | 79 | | | | |
| 243 | (458) Stationery and printing, | | 21 | 332 | 44 | | 4 | 453 | 65 | | | 328 | 25 | | 11 | 897 | 05 | | 4 | 653 | 49 | | | | |
| 244 | (459) Valuation expenses, | | 12 | 668 | 34 | | | | | | | | | | 9 | 103 | 09 | | 3 | 565 | 25 | | | | |
| 245 | (460) Other expenses, | | 19 | 944 | 64 | | | 209 | 85 | | | 736 | 96 | | 13 | 714 | 14 | | 5 | 283 | 69 | | | | |
| 246 | Total of accounts Nos. 451 to 460, | | 910 | 616 | 52 | | 130 | 960 | 64 | | 25 | 687 | 69 | | 541 | 851 | 39 | | 212 | 116 | 80 | | | | |
| 247 | (461) General joint facilities—Dr., | | 8 | 655 | 57 | | 6 | 077 | 25 | | | 544 | 77 | | 1 | 498 | 43 | | | 535 | 12 | | | | |
| 248 | (462) General joint facilities—Cr., | | 8 | 689 | 77 | | 1 | 532 | 36 | | | 73 | 08 | | 5 | 304 | 75 | | 1 | 779 | 58 | | | | |
| 249 | Total general expenses, | | 910 | 582 | 32 | | 135 | 505 | 53 | | 26 | 159 | 38 | | 538 | 045 | 07 | | 210 | 872 | 34 | | | | |
| 250 | VIII. TRANSPORTATION FOR INVESTMENT—Cr., | | 22 | 879 | 89 | | 22 | 860 | 50 | | | 19 | 39 | | | | | | | | | | | | |
| 251 | GRAND TOTAL RAILWAY OPERATING EXPENSES, | 12 | 336 | 818 | 64 | 5 | 613 | 182 | 55 | 2 | 115 | 338 | 71 | 3 | 308 | 571 | 84 | 1 | 299 | 725 | 54 | | | | |

252 Operating ratio (ratio of operating expenses to operating revenues), 96.04 per cent.

State briefly the rule or rules in accordance with which expenses common to operations in two or more States are assigned to the State; if such rules are in print, file a copy thereof with this report or give reference to such copy previously filed.

NOTE:

The statements herein either of revenues or expenses attributed to Washington are misleading unless properly understood. They are necessarily based on arbitrary assumptions as follows:

Revenues contain (first) the revenues of business wholly local within the State and in addition a proportion of interstate revenues determined by the proportion of mileage which each interstate freight shipment or passenger is carried within the State.

Charges for expenses contain (first) those expenses incurred in each state, that are considered wholly applicable to that state, and in addition some mileage proportion of expenses which can not be localized. Apportioning either such revenues or such expenses on a mileage basis is purely arbitrary and has been adopted for want of any other basis.

## 931. STATISTICS OF RAIL-LINE OPERATIONS—WITHIN THE STATE.

Give the various statistical items called for concerning the rail-line operations of respondent's road during the year. *If the respondent for its own purposes uses more accurate methods than are provided below for computing the required averages, the more accurate figures should be given in the returns, and the method of computing each average should be indicated in a footnote.* Train-miles, locomotive-miles, car-miles, motor car-miles and other particulars are to be classified in accordance with the Uniform System of Accounts for Steam Railway Corporations. Motor car and trailer miles, if any, should be included in column (d). In computing averages per locomotive-mile (Items 151–155), motor car and trailer train-miles and car-miles should be excluded.

### Instructions Regarding Various Items Designated by Numbers.

1 includes road operated under trackage rights. If the average mileage used for freight or passenger service notably differs from the mileage reportable for Item No. 1, the respective "Averages per mile of road" (Items Nos. 111–127) affected, should be computed accordingly, and pertinent details given in a footnote.

91 includes all freight the revenue from which is includable in account No. 101, "Freight."

92 includes not only nonrevenue freight which is hauled on transportation trains, but also a proportion of the weight of exclusive work equipment, based on the relationship of net tons to gross tons of revenue freight for the reporting period.

94 relates to freight included in 91.

95 relates to freight included in 92.

108 is the aggregate of revenue accounts Nos. 102 to 109, inclusive. (See page 700.)

111=12+1.
112=14+1.
113=15+1.
114=16+1.
115=17+1.
116=18+1.
117=41+1.
118=(56+62+63+64+65+71+72+73+74)+1.
119=(61+66+67+68+69+75+76+77+78)+1.
120=101+1.

121=108+1.
122=104+1.
123=105+1.
124=106+1.
125= 94+1.
126= 96+1.
127=100+1.
131= 51+13.
132= 62+15.
133= 52+13.
134= 63+15.
135= 94+(13+freight-car proportion of 15).

136= 96+(13+freight-car proportion of 15).
137= 61+14.
138=(66+67+68+69)+15.
139=100+(14+passenger-car proportion of 15).
140=101+(13+freight-car proportion of 15).
141=103+(14+passenger-car proportion of 15).
142=104+17.
143=105+17.

144=106+17.
151= 13+24.
152= 56+24.
153= 14+28.
154= 61+28.
155= 15+32.
156= 70+32.
157= 16+36.
158= 79+36.
162= 96+(51+62).
163=101+(51+62).

171=100+(57+58+66+67).
172=102+(57+58+66+67).
181= 94+91.
182= 95+92.
183= 96+93.
184=100+99.
185=101+91.
186=101+94.
187=102+90.
188=102+100.
189=105+104.

(See notes on page 906).

| Item No. | Item (a) | With steam locomotives. (b) | | | With electric and other locomotives. (c) | | | Without locomotives. (d) | | | Total. (e) | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Average mileage of road operated,† (miles), | * * | * * | * * | * * | * * | * * | * * | * * | * * | 1 | 945 | 97 |
| | Train-miles: | * * | * * | * * | * * | * * | * * | * * | * * | * * | * * | * * | * * |
| 11 | Freight—ordinary, | 1 | 668 | 261 | | | | | | | 1 | 668 | 261 |
| 12 | " —light, | | 15 | 893 | | | | | | | | 15 | 893 |
| 13 | " —total, | 1 | 684 | 154 | | | | | | | 1 | 684 | 154 |
| 14 | Passenger, | 1 | 532 | 937 | | | | | 319 | 686 | 1 | 852 | 623 |
| 15 | Mixed, (Frt. 80,473 , Pass. 11,116 ), | | 91 | 589 | | | | | | | | 91 | 589 |
| 16 | Special, | | 1 | 096 | | | | | | | | 1 | 096 |
| 17 | Total transportation service, | 3 | 309 | 776 | | | | | 319 | 686 | 3 | 629 | 462 |
| 18 | Work service, | | 53 | 635 | | | | | | | | 53 | 635 |
| | Locomotive-miles. | * * | * * | * * | * * | * * | * * | * * | * * | * * | * * | * * | * * |
| 21 | Freight—principal, | 1 | 687 | 161 | | | | * * | * * | * * | 1 | 687 | 161 |
| 22 | " —helper, | | 66 | 580 | | | | * * | * * | * * | | 66 | 580 |
| 23 | " —light, | | 64 | 278 | | | | * * | * * | * * | | 64 | 278 |
| 24 | " —total, | 1 | 818 | 019 | | | | * * | * * | * * | 1 | 818 | 019 |
| 25 | Passenger—principal, | 1 | 532 | 937 | | | | * * | * * | * * | 1 | 532 | 937 |
| 26 | " —helper, | | 66 | 745 | | | | * * | * * | * * | | 66 | 745 |
| 27 | " —light, | | 38 | 429 | | | | * * | * * | * * | | 38 | 429 |
| 28 | " —total, | 1 | 638 | 111 | | | | * * | * * | * * | 1 | 638 | 111 |
| 29 | Mixed train—principal, | | 91 | 589 | | | | * * | * * | * * | | 91 | 589 |
| 30 | " " —helper, | | | 16 | | | | * * | * * | * * | | | 16 |
| 31 | " " —light, | | 2 | 219 | | | | * * | * * | * * | | 2 | 219 |
| 32 | " " —total, | | 93 | 824 | | | | * * | * * | * * | | 93 | 824 |
| 33 | Special—principal, | | 1 | 096 | | | | * * | * * | * * | | 1 | 096 |
| 34 | " —helper, | | 1 | 011 | | | | * * | * * | * * | | 1 | 011 |
| 35 | " —light, | | | 713 | | | | * * | * * | * * | | | 713 |
| 36 | " —total, | | 2 | 820 | | | | * * | * * | * * | | 2 | 820 |
| 37 | Train switching, | | 230 | 118 | | | | * * | * * | * * | | 230 | 118 |
| 38 | Yard switching—freight, | | 912 | 026 | | | | * * | * * | * * | | 912 | 026 |
| 39 | " " —passenger, | | 101 | 633 | | | | * * | * * | * * | | 101 | 633 |
| 40 | " " —total, | 1 | 013 | 659 | | | | * * | * * | * * | 1 | 013 | 659 |
| 41 | Total transportation service, | 4 | 796 | 551 | | | | * * | * * | * * | 4 | 796 | 551 |
| 42 | Work service, | | 62 | 621 | | | | * * | * * | * * | | 62 | 621 |
| | Car-miles: | * * | * * | * * | * * | * * | * * | * * | * * | * * | * * | * * | * * |
| 51 | Freight train—loaded, | 36 | 252 | 436 | | | | | | | 36 | 252 | 436 |
| 52 | " " —empty, | 16 | 776 | 775 | | | | | | | 16 | 776 | 775 |
| 53 | Sum of loaded and empty, | 53 | 029 | 211 | | | | | | | 53 | 029 | 211 |
| 54 | Freight train—caboose, | 1 | 712 | 875 | | | | | | | 1 | 712 | 875 |
| 55 | " " —exclusive work equipment, | | 508 | 519 | | | | | | | | 508 | 519 |
| 56 | " " —total, | 55 | 250 | 605 | | | | | | | 55 | 250 | 605 |
| 57 | Passenger train—passenger, | 2 | 878 | 301 | | | | | 350 | 483 | 3 | 228 | 784 |
| 58 | " " —sleeping, parlor, and observation, | 3 | 336 | 059 | | | | | | 40 | 3 | 336 | 099 |
| 59 | " " —dining, | | 457 | 715 | | | | | | | | 457 | 715 |
| 60 | " " —other, | 3 | 506 | 860 | | | | | 5 | 087 | 3 | 511 | 947 |
| 61 | " " —total, | 10 | 178 | 935 | | | | | 355 | 610 | 10 | 534 | 545 |

† Two decimal places required.

## 931. STATISTICS OF RAIL-LINE OPERATIONS—WITHIN THE ST[illegible]—Continued.

| Item No. | Item. (a) | With steam locomotives. (b) | | | With electric and other locomotives. (c) | | | Without locomotives. (d) | | | Total. (e) | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Car-miles—Continued. | * * | * * | * * | * * | * * | * * | * * | * * | * | * * | * * | * * |
| 62 | Mixed train—freight—loaded, | | 185 | 236 | | | | | | | | 185 | 236 |
| 63 | " " —freight—empty, | | 143 | 412 | | | | | | | | 143 | 412 |
| 64 | " " —caboose | | 50 | 643 | | | | | | | | 50 | 643 |
| 65 | " " —exclusive work equipment, | | 5 | 086 | | | | | | | | 5 | 086 |
| 66 | " " —passenger, | | 44 | 078 | | | | | | | | 44 | 078 |
| 67 | " " —sleeping, parlor, and observation, | | | | | | | | | | | | |
| 68 | " " —dining, | | | | | | | | | | | | |
| 69 | " " —other passenger-train, | | | 77 | | | | | | | | | 77 |
| 70 | " " —total, | | 428 | 532 | | | | | | | | 428 | 532 |
| 71 | Special train—freight—loaded, | | 8 | 691 | | | | | | | | 8 | 691 |
| 72 | " " —freight—empty, | | | | | | | | | | | | |
| 73 | " " —caboose, | | | 656 | | | | | | | | | 656 |
| 74 | " " —exclusive work equipment, | | | | | | | | | | | | |
| 75 | " " —passenger, | | 2 | 555 | | | | | | | | 2 | 555 |
| 76 | " " —sleeping, parlor, and observation, | | 1 | 900 | | | | | | | | 1 | 900 |
| 77 | " " —dining, | | | 323 | | | | | | | | | 323 |
| 78 | " " —other passenger-train, | | 1 | 266 | | | | | | | | 1 | 266 |
| 79 | " " —total, | | 15 | 391 | | | | | | | | 15 | 391 |
| 80 | Total transportation service, | 65 | 873 | 463 | | | | | 355 | 610 | 66 | 229 | 073 |
| 81 | Work service, | | 182 | 000 | | | | | | | | 182 | 000 |

| Item No. | Item. (f) Miles of road | Amount. (g) | Item No. | Item. (h) | Amount. (i) |
|---|---|---|---|---|---|
| | Freight Service. | * * * * * | | Averages per Train-mile. | * * * * * |
| 91 | Tons—revenue freight, | 5 104 476 | 131 | Loaded freight car-miles—freight trains,† | 21 53 |
| 92 | " —nonrevenue freight, | 816 617 | 132 | " " " " —mixed trains,† | 2 02 |
| 93 | " —total, | 5,920 093 | 133 | Empty freight car-miles—freight trains,† | 9 96 |
| 94 | Ton-miles—revenue freight, | 753,721 797 | 134 | " " " " —mixed trains,† | 1 57 |
| 95 | " " —nonrevenue freight, | 108,870 536 | 135 | Ton-miles—revenue freight,† | 427 15 |
| 96 | " " —total, | 862,592 333 | 136 | " —all freight,† | 488 82 |
| 97 | Gross ton-miles, incl. locomotives and tenders, | , , | 137 | Passenger train car-miles—passenger trains,† | 5 69 |
| 98 | " " " excl. locomotives and tenders, | , , | 138 | " " " ", —mixed trains,† | 48 |
| | Passenger Service. | * * * * * | 139 | Revenue passenger-miles,† | 22 95 |
| 99 | Passengers carried—revenue, | 280 521 | 140 | Freight revenue,† | $ 5 99 |
| 100 | Passenger-miles—revenue, | 42,735 770 | 141 | Passenger service train revenue,† | 83 |
| | Revenues and Expenses. | $ * * * * * | 142 | Operating revenues,† | 3 54 |
| 101 | Freight revenue,† | 10,570 ,609 39 | 143 | " expenses,† | 3 40 |
| 102 | Passenger revenue,† | ,943 ,250 73 | 144 | Net operating revenues,† | 14 |
| 103 | Passenger service train revenue,† | 1,543 ,077 73 | | Averages per Locomotive-mile. | * * * * * |
| 104 | Operating revenues,† | 12,845 ,325 62 | 151 | Train-miles—freight trains,† | 93 |
| 105 | " expenses,† | 12,336 ,818 64 | 152 | Car-miles—freight trains,† | 30 39 |
| 106 | Net operating revenues,† | ,508 ,506 98 | 153 | Train-miles—passenger trains,† | 94 |
| | Averages per Mile of Road.* | * * * * * | 154 | Car-miles—passenger trains,† | 6 21 |
| 111 | Freight-train miles, 1,732.82 | ,972 | 155 | Train-miles—mixed trains,† | 98 |
| 112 | Passenger-train miles, 1,185.46 | 1,563 | 156 | Car-miles—mixed trains,† | 4 57 |
| 113 | Mixed-train miles, 126.95 | ,721 | 157 | Train-miles—special trains,† | 39 |
| 114 | Special-train miles, 1,846.11 | 1 | 158 | Car-miles—special trains,† | 5 46 |
| 115 | Transportation service train-miles, 1,846.11 | 1,966 | | Averages per Loaded Freight Car-mile. | * * * * * |
| 116 | Work-train miles, 1,846.11 | 29 | 162 | Ton-miles—all freight,† | 23 34 |
| 117 | Locomotive-miles—transportation, 1,846.11 | 2,598 | 163 | Freight revenue,‡ | $ .29010 |
| 118 | Freight service car-miles, 1,840.68 | 30,230 | | Averages per Car-mile—Passenger. | * * * * * |
| 119 | Passenger service car-miles, 1,302.98 | 8,123 | 171 | Passenger-miles—revenue,† | 6 47 |
| 120 | Freight revenue,† 1,917.52 | $ 5,512 65 | 172 | Passenger revenue,‡ | $ .14272 |
| 121 | Passenger service train revenue,† 1,396.50 | 1,104 96 | | Miscellaneous Averages. | * * * * * |
| 122 | Operating revenues,† 1,945.97 | 6,600 99 | 181 | Miles hauled—revenue freight,† | 147 56 |
| 123 | " expenses,† 1,945.97 | 6,339 68 | 182 | " " —nonrevenue freight,† | 153 34 |
| 124 | Net operating revenues,† 1,945.97 | ,261 81 | 183 | " " —all freight,† | 145 68 |
| 125 | Ton-miles—revenue freight, 1,917.52 | 393,071 | 184 | Miles carried—revenue passengers,† | 152 34 |
| 126 | " —all freight, 1,917.52 | 449,848 | 185 | Revenue per ton of freight,‡ | $ 2.07085 |
| 127 | Passenger-miles—revenue, 1,396.50 | 30,602 | 186 | " " ton-mile of freight,‡ | .01402 |
| | | | 187 | " " passenger,‡ | 3.36250 |
| | | | 188 | " " passenger-mile,‡ | .02207 |
| | | | 189 | Operating ratio,† | % 96.04 |

See note on page 707

State Commission Form—Steam. * See instructions for Item No. 1. † Two decimal places required. ‡ Five decimal places required. 341

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## VERIFICATION.

The foregoing report must be verified by the oath of the officer having control of the accounting of the respondent. It should be verified, also, by the oath of the president or other chief officer of the respondent, unless the respondent states on the last preceding page of this report that such chief officer has no control over the accounting of the respondent. Under the provisions of section 20 of the Interstate Commerce Act, "the oath required * * * may be taken before any person authorized to administer an oath by the laws of the State in which the same is taken."

## OATH.

(To be made by the officer having control of the accounting of the respondent.)

State of Minnesota }
County of Ramsey } ss:

F. W. Sweney (Insert here the name of the affiant.) makes oath and says that he is Comptroller (Insert here the official title of the affiant.)

of Northern Pacific Railway Company (Insert here the exact legal title or name of the respondent.)

that it is his duty to have supervision over the books of account of the respondent and to control the manner in which such books are kept; that he knows that such books have, during the period covered by the foregoing report, been kept in good faith in accordance with the accounting and other orders of the Interstate Commerce Commission, effective during the said period; that he has carefully examined the said report and to the best of his knowledge and belief the entries contained in the said report have, so far as they relate to matters of account, been accurately taken from the said books of account and are in exact accordance therewith; that he believes that all other statements of fact contained in the said report are true, and that the said report is a correct and complete statement of the business and affairs of the above-named respondent during the period of time from and including Jan. 1, 1932, to and including Dec. 31, 1932

(sgnd) F. W. Sweney
(Signature of affiant.)

Subscribed and sworn to before me, a _____, in and for the State and county above named, this _____ day of _____, 193

My commission expires _____ [L. S. Use an impression seal.]

_____
(Signature of officer authorized to administer oaths.)

## SUPPLEMENTAL OATH.

(By the president or other chief officer of the respondent.)

State of Minnesota }
County of Ramsey } ss:

B. W. Scandrett (Insert here the name of the affiant.) makes oath and says that he is Vice President (Insert here the official title of the affiant.)

of Northern Pacific Ry. Co. (Insert here the exact legal title or name of the respondent.)

that he has carefully examined the foregoing report; that he believes that all statements of fact contained in the said report are true, and that the said report is a correct and complete statement of the business and affairs of the above-named respondent and the operations of its property during the period of time from and including Jan. 1, 1932, to and including Dec. 31, 1932

(Sgnd) B. W. Scandrett
(Signature of affiant.)

Subscribed and sworn to before me, a _____, in and for the State and county above named, this _____ day of _____, 193

My commission expires _____ [L. S. Use an impression seal.]

_____
(Signature of officer authorized to administer oaths.)

558-562

[fol. 563] DEFENDANT'S EXHIBIT 9

[fols. 564-613] Annual Report of Northern Pacific Railway Company

to the

Department of Public Works of the State of Washington

for the

Year Ended December 31, 1933

Name of officer in charge of correspondence with the Commission regarding this report: F. W. Sweney.
Official title: Comptroller.
Office address: 176 East Fifth Street, St. Paul, Minn.

## 300 I. INCOME ACCOUNT FOR THE YEAR.

See instructions on lower section of page 300.

| Line No. | Item. (a) | Amount applicable to the year. (b) | Comparison with preceding year. (Increase in black, decrease in red.) (c) | Offsetting debits and credits. (d) | Remarks. (e) |
|---|---|---|---|---|---|
| 1 | I. Operating Income. | $ c. | $ c. | $ None c. | State the amount of "Net railway operating income," i. e., the net of returns on lines 7, 15-20, 35-40: $5,975,972.63 |
| 2 | (501) *Railway operating revenues (p. 302), | 47 578 676 54 | 494 500 17 | | |
| 3 | (531) * Railway operating expenses (p. 309, 310 or 311), | 38 993 492 56 | D 2 439 687 16 | | |
| 4 | *Net revenue † from railway operations, | 8 585 184 28 | 2 934 187 33 | | |
| 5 | (532) *Railway tax accruals (p. 312), | 5 883 250 75 | D 794 103 82 | | |
| 6 | (533) *Uncollectible railway revenues, | 23 847 74 | 638 47 | | |
| 7 | *Railway operating income,† | 2 678 085 79 | 3 727 652 68 | | |
| 8 | (502) Revenues from miscellaneous operations (p. 303), | | | | |
| 9 | (534) Expenses of miscellaneous operations (p. 303), | | | | |
| 10 | Net revenue † from miscellaneous operations, | | | | |
| 11 | (535) Taxes on miscellaneous operating property (p. 303), | | | | |
| 12 | Miscellaneous operating income,† | | | | |
| 13 | Total operating income,† | 2 678 085 79 | 3 727 652 68 | | |
| 14 | II. Nonoperating Income. | | | | |
| 15 | (503) Hire of freight cars—Credit balance (p. 315), | 590 539 34 | 205 273 09 | | |
| 16 | (504) Rent from locomotives, | 172 747 79 | D 19 022 56 | | |
| 17 | (505) Rent from passenger-train cars, | 78 652 64 | D 26 818 18 | | |
| 18 | (506) Rent from floating equipment, | | | | |
| 19 | (507) Rent from work equipment, | 86 893 35 | D 302 99 | | |
| 20 | (508) Joint facility rent income, | 3 337 228 94 | 80 361 10 | | |
| 21 | (509) Income from lease of road (p. 313), | 351 366 88 | D 6 044 09 | | |
| 22 | (510) Miscellaneous rent income (p. 313), | 448 475 27 | D 26 267 09 | | |
| 23 | (511) Miscellaneous nonoperating physical property (p. 315), | 140 388 84 | D 36 780 98 | | |
| 24 | (512) Separately operated properties—Profit (p. 315), | | | | |
| 25 | (513) Dividend income, | 7 501 693 58 | D 1 617 731 86 | | |
| 26 | (514) Income from funded securities, | 295 734 58 | 22 168 41 | | |
| 27 | (515) Income from unfunded securities and accounts, | 116 912 69 | D 39 564 92 | | |
| 28 | (516) Income from sinking and other reserve funds, | | | | |
| 29 | (517) Release of premiums on funded debt, | | | | |
| 30 | (518) Contributions from other companies, | | | | |
| 31 | (519) Miscellaneous income, | 38 337 03 | D 6 498 29 | | |
| 32 | Total nonoperating income,† | 13 158 970 93 | D 1 471 228 36 | | |
| 33 | Gross income,† | 15 837 056 72 | 2 256 424 32 | | |
| 34 | III. Deductions from Gross Income. | | | | |
| 35 | (536) Hire of freight cars—Debit balance (p. 315), | | | | |
| 36 | (537) Rent for locomotives, | 43 717 60 | D 17 878 31 | | |
| 37 | (538) Rent for passenger-train cars, | 151 914 79 | 20 656 81 | | |
| 38 | (539) Rent for floating equipment, | | | | |
| 39 | (540) Rent for work equipment, | 3 302 90 | 14 39 | | |
| 40 | (541) Joint facility rents, | 769 239 93 | D 21 233 17 | | |
| 41 | (542) Rent for leased roads (p. 321), | 51 418 87 | -- | | |
| 42 | (543) Miscellaneous rents (p. 321), | 9 611 43 | D 2 068 29 | | |
| 43 | (544) Miscellaneous tax accruals, | 86 019 69 | 6 308 56 | | |
| 44 | (545) Separately operated properties—Loss (p. 315), | | | | |
| 45 | (546) Interest on funded debt, | 14 241 028 13 | D 23 231 24 | | |
| 46 | (547) Interest on unfunded debt, | 13 965 05 | 8 367 35 | | |
| 47 | (548) Amortization of discount on funded debt, | | | | |
| 48 | (549) Maintenance of investment organization, | | | | |
| 49 | (550) Income transferred to other companies, | | | | |
| 50 | (551) Miscellaneous income charges, | 162 859 80 | D 9 896 51 | | |
| 51 | Total deductions from gross income, | 15 533 078 19 | D 38 960 41 | | |
| 52 | Net income,† | 303 978 53 | 2 295 384 73 | | |
| 53 | IV. Disposition of Net Income. | | | | |
| 54 | (552) Income applied to sinking and other reserve funds (p. 322,) | | | | |
| 55 | (553) Dividend appropriations of income (p. 300), | | | | |
| 56 | (554) Income appropriated for investment in physical property (p. 322), | | | | |
| 57 | (555) Stock discount extinguished through income, | | | | |
| 58 | (556) Miscellaneous appropriations of income (p. 322), | | | | |
| 59 | Total appropriations of income, | | | | |
| 60 | Income † balance transferred to Profit and Loss, | 303 978 53 | 2 295 384 73 | | |

State Commission Form—Steam.

* Includes operation of water lines, if any.

† Deficit, if in red. (D - denotes decrease)

## 310. RAILWAY OPERATING REVENUES.

State the railway operating revenues of the respondent for the year (classified in accordance with the Uniform System of Accounts for Steam Railway Corporations), and distribute the various accounts as a whole, so as to group those assignable to freight or to passenger and allied services or those common to both services. The proportion of joint traffic receipts belonging to other carriers should not be included.

| Line No. | Class of Railway Operating Revenues. (a) | Amount of revenue for the year. (b) | | | | Assignable to freight service. (c) | | | | Assignable to passenger and allied services. (d) | | | | Not assignable to freight or to passenger and allied services. (e) | | | | Remarks. (f) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | $ | | | c. | $ | | | c. | $ | | | c. | $ | | | c. | |
| 1 | (101) Freight,* | 40 | 224 | 391 | 50 | 40 | 224 | 391 | 50 | | | | | • • | • • | • • | • | |
| 2 | (102) Passenger, | 3 | 208 | 870 | 87 | • • | • • | • • | • | 3 | 208 | 870 | 87 | • • | • • | • • | • | |
| 3 | (103) Excess baggage, | | 24 | 378 | 75 | • • | • • | • • | • | | 24 | 378 | 75 | • • | • • | • • | • | |
| 4 | (104) Sleeping car, | | | 67 | 55 | • • | • • | • • | • | | | 67 | 55 | • • | • • | • • | • | |
| 5 | (105) Parlor and chair car, | | 4 | 929 | 14 | • • | • • | • • | • | | 4 | 929 | 14 | • • | • • | • • | • | |
| 6 | (106) Mail, | 1 | 477 | 375 | 59 | • • | • • | • • | • | 1 | 477 | 375 | 59 | • • | • • | • • | • | |
| 7 | (107) Express, | | 540 | 409 | 05 | • • | • • | • • | • | | 540 | 409 | 05 | • • | • • | • • | • | |
| 8 | (108) Other passenger-train, | Dr. | 7 | 175 | 31 | • • | • • | • • | • | Dr. | 7 | 175 | 31 | • • | • • | • • | • | |
| 9 | (109) Milk, | | 141 | 431 | 99 | | | | | | 141 | 431 | 99 | • • | • • | • • | • | |
| 10 | (110) Switching, | | 781 | 241 | 16 | | 781 | 241 | 16 | | | | | • • | • • | • • | • | |
| 11 | (111) Special service train, | | 10 | 133 | 73 | | 4 | 164 | 30 | | 5 | 969 | 43 | | | | | |
| 12 | (112) Other freight-train, | | 109 | 064 | 88 | | 109 | 064 | 88 | • • | • • | • • | • | • • | • • | • • | • | |
| 13 | (113) Water transfers—Freight, | | | | | | | | | • • | • • | • • | • | • • | • • | • • | • | |
| 14 | (114) Water transfers—Passenger, | | | | | • • | • • | • • | • | | | | | • • | • • | • • | • | |
| 15 | (115) Water transfers—Vehicles and [live stock, | | | | | | | | | • • | • • | • • | • | • • | • • | • • | • | |
| 16 | (116) Water transfers—Other, | | | | | | | | | | | | | | | | | |
| 17 | Total rail-line transporta- [tion revenue, | 46 | 515 | 118 | 90 | 41 | 118 | 861 | 84 | 5 | 396 | 257 | 06 | | | | | |
| 18 | (121) Freight, | | | | | | | | | • • | • • | • • | • | • • | • • | • • | • | |
| 19 | (122) Passenger, | | | | | • • | • • | • • | • | | | | | • • | • • | • • | • | |
| 20 | (123) Excess baggage, | | | | | • • | • • | • • | • | | | | | • • | • • | • • | • | |
| 21 | (124) Other passenger service, | | | | | • • | • • | • • | • | | | | | • • | • • | • • | • | |
| 22 | (125) Mail, | | | | | • • | • • | • • | • | | | | | • • | • • | • • | • | |
| 23 | (126) Express, | | | | | • • | • • | • • | • | | | | | • • | • • | • • | • | |
| 24 | (127) Special service, | | | | | | | | | | | | | | | | | |
| 25 | (128) Other, | | | | | | | | | | | | | | | | | |
| 26 | Total water-line transpor- [tation revenue, | | | | | | | | | | | | | | | | | |
| 27 | (131) Dining and buffet, | | 199 | 516 | 86 | • • | • • | • • | • | | 199 | 516 | 86 | • • | • • | • • | • | |
| 28 | (132) Hotel and restaurant, | | 330 | 007 | 36 | | | | | | 37 | 918 | 26 | | 292 | 095 | 10 | |
| 29 | (133) Station, train, and boat privi- [leges, | | 7 | 706 | 83 | | | | | | 7 | 706 | 83 | | | | | |
| 30 | (134) Parcel room, | | 7 | 730 | 09 | • • | • • | • • | • | | 7 | 730 | 09 | • • | • • | • • | • | |
| 31 | (135) Storage—Freight, | | 16 | 393 | 67 | | 16 | 393 | 67 | • • | • • | • • | • | • • | • • | • • | • | |
| 32 | (136) Storage—Baggage, | | 3 | 090 | 49 | • • | • • | • • | • | | 3 | 090 | 49 | • • | • • | • • | • | |
| 33 | (137) Demurrage, | | 59 | 449 | 12 | | 59 | 449 | 12 | • • | • • | • • | • | • • | • • | • • | • | |
| 34 | (138) Telegraph and telephone, | | 71 | 934 | 62 | | | | | | | | | | 71 | 934 | 62 | |
| 35 | (139) Grain elevator, | | | | | | | | | • • | • • | • • | • | • • | • • | • • | • | |
| 36 | (140) Stockyard, | | | | | | | | | • • | • • | • • | • | • • | • • | • • | • | |
| 37 | (141) Power, | | | | | | | | | | | | | | | | | |
| 38 | (142) Rents of buildings and other [property, | | 32 | 734 | 89 | | 6 | 233 | 56 | | 5 | 941 | 43 | | 22 | 559 | 90 | |
| 39 | (143) Miscellaneous, | | 240 | 844 | 03 | | 179 | 857 | 40 | | 5 | 197 | 50 | | 55 | 789 | 13 | |
| 40 | Total incidental operat- [ing revenues, | | 969 | 407 | 96 | | 261 | 933 | 75 | | 265 | 095 | 46 | | 442 | 378 | 75 | |
| 41 | (151) Joint facility—Cr., | | 114 | 742 | 68 | | 65 | 103 | 98 | | 49 | 638 | 70 | | | | | |
| 42 | (152) Joint facility—Dr., | | 20 | 592 | 90 | | 9 | 748 | 09 | | 10 | 844 | 81 | | | | | |
| 43 | Total joint facility oper- [ating revenue, | | 94 | 149 | 78 | | 55 | 355 | 89 | | 38 | 793 | 89 | | | | | |
| 44 | Total railway operating [revenues, | 47 | 578 | 676 | 64 | 41 | 436 | 151 | 48 | 5 | 700 | 146 | 41 | | 442 | 378 | 75 | |

*Among the items charged to this account is $ representing amount paid to others in connection with a system of pick up and delivery service.

617-658

## 531. STATISTICS OF RAIL-LINE OPERATIONS—ENTIRE LINE.

[FOR COMPANIES MAKING OPERATING REPORT.]

Give the various statistical items called for concerning the rail-line operations of respondent's road during the year. - *If the respondent for its own purposes uses more accurate methods than are provided below for computing the required averages, the more accurate figures should be given in the returns, and the method of computing each average should be indicated in a footnote.* Train-miles, locomotive-miles, car-miles, motor car-miles and other particulars are to be classified in accordance with the Uniform System of Accounts for Steam Railway Corporations. Motor car and trailer miles, if any, should be included in column (d). In computing averages per locomotive-mile (Items 151-158), motor car and trailer train-miles and car-miles should be excluded.

### INSTRUCTIONS REGARDING VARIOUS ITEMS DESIGNATED BY NUMBERS.

1 includes road operated under trackage rights. If the average mileage used for freight or passenger service notably differs from the mileage reportable for Item No. 1, the respective "Averages per mile of road" (Items Nos. 111-127) affected, should be computed accordingly, and pertinent details given in a footnote.

91 includes all freight the revenue from which is includable in account No. 101, "Freight."

92 includes not only nonrevenue freight which is hauled on transportation trains, but also a proportion of the weight of exclusive work equipment, based on the relationship of net tons to gross tons of revenue freight for the reporting period.

94 relates to freight included in 91.

95 relates to freight included in 92.

108 is the aggregate of revenue accounts Nos. 102 to 109, inclusive. (See page 302.)

111=13+1.
112=14+1.
113=15+1.
114=16+1.
115=17+1.
116=18+1.
117=41+1.
118=(56+62+63+64+65+71+72+73+74)+1.
119=(61+66+67+68+69+75+76+77+78)+1.
120=101+1.
121=103+1.
122=104+1.
123=105+1.
124=106+1.
125= 94+1.
126= 96+1.
127=100+1.
131= 51+13.
132= 62+15.
133= 52+13.
134= 63+15.
135= 94+(13+freight-car proportion of 15).
136= 96+(13+freight-car proportion of 15).
137= 61+14.
138=(66+67+68+69)+15.
139=100+(14+passenger-car proportion of 15).
140=101+(13+freight-car proportion of 15).
141=103+(14+passenger-car proportion of 15).
142=104+17.
143=105+17.
144=106+17.
151= 13+24.
152= 56+24.
153= 14+28.
154= 61+28.
155= 15+32.
156= 70+32.
157= 16+36.
158= 79+36.
162= 96+(51+62).
163=101+(51+62)
171=100+(57+58+66+67).
172=102+(57+58+66+67).
181= 94+91.
182= 95+92.
183= 96+93.
184=100+99.
185=101+91.
186=101+94.
187=102+99.
188=102+100.
189=105+104.

(See notes on page 510)

| Item No. | Item. (a) | With steam locomotives. (b) | | | With electric and other locomotives. (c) | | | Without locomotives. (d) | | | Total. (e) | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Average mileage of road operated,† (miles), | * * | * * | * * | * * | * * | * * | * * | * * | * * | | 6,740 | .59 |
| | TRAIN-MILES. | * * | * * | * * | * * | * * | * * | * * | * * | * * | * * | * * | * * |
| 11 | Freight—ordinary, | 5 | 470 | 638 | | | | | | | 5 | 470 | 638 |
| 12 | " —light, | | 15 | 992 | | | | | | | | 15 | 992 |
| 13 | " —total, | 5 | 486 | 630 | | | | | | | 5 | 486 | 630 |
| 14 | Passenger, | 4 | 907 | 490 | | | | | 971 | 800 | 5 | 879 | 290 |
| 15 | Mixed, (Frt. 630,733 , Pass. 132,437 ), | | 763 | 170 | | | | | | | | 763 | 170 |
| 16 | Special, | | 4 | 612 | | | | | | | | 4 | 612 |
| 17 | Total transportation service, | 11 | 161 | 902 | | | | | 971 | 800 | 12 | 133 | 702 |
| 18 | Work service, | | 137 | 151 | | | | | | | | 137 | 151 |
| | LOCOMOTIVE-MILES. | * * | * * | * * | * * | * * | * * | * * | * * | * * | * * | * * | * * |
| 21 | Freight—principal, | 5 | 493 | 173 | | | | * * | * * | * * | 5 | 493 | 173 |
| 22 | " —helper, | | 434 | 331 | | | | * * | * * | * * | | 434 | 331 |
| 23 | " —light, | | 405 | 113 | | | | * * | * * | * * | | 405 | 113 |
| 24 | " —total, | 6 | 332 | 617 | | | | * * | * * | * * | 6 | 332 | 617 |
| 25 | Passenger—principal, | 4 | 907 | 490 | | | | * * | * * | * * | 4 | 907 | 490 |
| 26 | " —helper, | | 229 | 697 | | | | * * | * * | * * | | 229 | 697 |
| 27 | " —light, | | 185 | 648 | | | | * * | * * | * * | | 185 | 648 |
| 28 | " —total, | 5 | 322 | 835 | | | | * * | * * | * * | 5 | 322 | 835 |
| 29 | Mixed train—principal, | | 763 | 230 | | | | * * | * * | * * | | 763 | 230 |
| 30 | " " —helper, | | | 376 | | | | * * | * * | * * | | | 376 |
| 31 | " " —light, | | 21 | 095 | | | | * * | * * | * * | | 21 | 095 |
| 32 | " " —total, | | 784 | 701 | | | | * * | * * | * * | | 784 | 701 |
| 33 | Special—principal, | | 4 | 612 | | | | * * | * * | * * | | 4 | 612 |
| 34 | " —helper, | | 2 | 241 | | | | * * | * * | * * | | 2 | 241 |
| 35 | " —light, | | 1 | 359 | | | | * * | * * | * * | | 1 | 359 |
| 36 | " —total, | | 8 | 212 | | | | * * | * * | * * | | 8 | 212 |
| 37 | Train switching, | | 543 | 101 | | | | * * | * * | * * | | 543 | 101 |
| 38 | Yard switching—freight, | 2 | 650 | 636 | | | | * * | * * | * * | 2 | 650 | 636 |
| 39 | " " —passenger, | | 174 | 951 | | | | * * | * * | * * | | 174 | 951 |
| 40 | " " —total, | 2 | 825 | 587 | | | | * * | * * | * * | 2 | 825 | 587 |
| 41 | Total transportation service, | 15 | 817 | 053 | | | | * * | * * | * * | 15 | 817 | 053 |
| 42 | Work service, | | 174 | 462 | | | | * * | * * | * * | | 174 | 462 |
| | CAR-MILES. | * * | * * | * * | * * | * * | * * | * * | * * | * * | * * | * * | * * |
| 51 | Freight train—loaded, | 172 | 673 | 170 | | | | | | | 172 | 673 | 170 |
| 52 | " " —empty, | 88 | 047 | 798 | | | | | | | 88 | 047 | 798 |
| 53 | Sum of loaded and empty, | 260 | 720 | 968 | | | | | | | 260 | 720 | 968 |
| 54 | Freight train—caboose, | 6 | 171 | 193 | | | | | | | 6 | 171 | 193 |
| 55 | " " —exclusive work equipment, | 1 | 717 | 985 | | | | | | | 1 | 717 | 985 |
| 56 | " " —total, | 268 | 610 | 146 | | | | | | | 268 | 610 | 146 |
| 57 | Passenger train—passenger, | 8 | 687 | 022 | | | | 1 | 112 | 064 | 9 | 799 | 086 |
| 58 | " " —sleeping, parlor, and observation, | 11 | 789 | 953 | | | | | | 52 | 11 | 790 | 005 |
| 59 | " " —dining, | 1 | 564 | 830 | | | | | | 22 | 1 | 564 | 852 |
| 60 | " " —other, | 13 | 362 | 724 | | | | | 343 | 413 | 13 | 706 | 137 |
| 61 | " " —total, | 35 | 404 | 529 | | | | 1 | 455 | 551 | 36 | 860 | 080 |

659



† Two decimal places required.

## 531. STATISTICS OF RAIL-LINE OPERATIONS—ENTIRE LINE—Concluded.

| Item No. | Item. (a) | With steam locomotives. (b) | | | With electric and other locomotives. (c) | | | Without locomotives. (d) | | | Total. (e) | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | CAR-MILES—Continued. | * * | * * | * * | * * | * * | * * | * * | * * | * * | * * | * * | * * |
| 62 | Mixed train—freight—loaded, | 3 | 621 | 227 | | | | | | | 3 | 621 | 227 |
| 63 | " " —freight—empty, | 2 | 311 | 667 | | | | | | | 2 | 311 | 667 |
| 64 | " " —caboose | | 67 | 862 | | | | | | | | 67 | 862 |
| 65 | " " —exclusive work equipment, | | 86 | 533 | | | | | | | | 86 | 533 |
| 66 | " " —passenger, | | 710 | 411 | | | | | | | | 710 | 411 |
| 67 | " " —sleeping, parlor, and observation, | | | | | | | | | | | | |
| 68 | " " —dining, | | | | | | | | | | | | |
| 69 | " " —other passenger-train, | | 466 | 839 | | | | | | | | 466 | 839 |
| 70 | " " —total, | 7 | 264 | 539 | | | | | | | 7 | 264 | 539 |
| 71 | Special train—freight—loaded, | | 113 | 445 | | | | | | | | 113 | 445 |
| 72 | " " —freight—empty, | | 10 | 238 | | | | | | | | 10 | 238 |
| | " " —caboose, | | 3 | 015 | | | | | | | | 3 | 015 |
| | " " —exclusive work equipment, | | | | | | | | | | | | |
| 75 | " " —passenger, | | 6 | 911 | | | | | | | | 6 | 911 |
| 76 | " " —sleeping, parlor, and observation, | | 5 | 666 | | | | | | | | 5 | 666 |
| 77 | " " —dining, | | 1 | 074 | | | | | | | | 1 | 074 |
| 78 | " " —other passenger-train, | | 4 | 401 | | | | | | | | 4 | 401 |
| 79 | " " —total, | | 144 | 750 | | | | | | | | 144 | 750 |
| 80 | Total transportation service, | 311 | 423 | 964 | | | | 1 | 455 | 551 | 312 | 879 | 515 |
| 81 | Work service, | | 426 | 410 | | | | | | | | 426 | 410 |

| Item No. | Item. (f) Miles of road | Amount. (g) | Item No. | Item. (h) | Amount. (i) |
|---|---|---|---|---|---|
| | FREIGHT SERVICE. | * * * * * | | AVERAGES PER TRAIN-MILE. | * * * * * |
| 91 | Tons—revenue freight, | 12,464,110 | 131 | Loaded freight car-miles—freight trains,† | 31.47 |
| 92 | " —nonrevenue freight, | 2,647,238 | 132 | " " " " —mixed trains,† | 4.74 |
| 93 | " —total, | 15,111,348 | 133 | Empty freight car-miles—freight trains,† | 16.05 |
| 94 | Ton-miles—revenue freight, | 3,568,371,982 | 134 | " " " " —mixed trains,† | 3.03 |
| 95 | " " —nonrevenue freight, | 644,313,637 | 135 | Ton-miles—revenue freight,† | 583.32 |
| 96 | " " —total, | 4,212,685,619 | 136 | " —all freight,† | 688.64 |
| 97 | Gross ton-miles, incl. locomotives and tenders, | , , | 137 | Passenger train car-miles—passenger trains,† | 6.27 |
| 98 | " " " excl. locomotives and tenders, | , , | 138 | " " " " —mixed trains,† | 1.54 |
| | PASSENGER SERVICE. | * * * * * | 139 | Revenue passenger-miles,† | 27.47 |
| 99 | Passengers carried—revenue, | , 748,810 | 140 | Freight revenue,† | $ 6.58 |
| 100 | Passenger-miles—revenue, | 165,142,886 | 141 | Passenger service train revenue,† | .90 |
| | REVENUES AND EXPENSES. | $ * * * * * | 142 | Operating revenues,† | 3.92 |
| 101 | Freight revenue,† | 40,224,391.50 | 143 | " expenses,† | 3.21 |
| 102 | Passenger revenue,† | 3,208,870.87 | 144 | Net operating revenues,† | .71 |
| 103 | Passenger service train revenue,† | 5,390,287.63 | | AVERAGES PER LOCOMOTIVE-MILE. | * * * * * |
| 104 | Operating revenues,† | 47,578,676.64 | 151 | Train-miles—freight trains,† | .87 |
| 105 | " expenses,† | 38,993,492.36 | 152 | Car-miles—freight trains,† | 42.42 |
| 106 | Net operating revenues,† | 8,585,184.28 | 153 | Train-miles—passenger trains,† | .92 |
| | AVERAGES PER MILE OF ROAD.* | * * * * * | 154 | Car-miles—passenger trains,† | 6.65 |
| 111 | Freight-train miles, 5,203.29 | , 1,054 | 155 | Train-miles—mixed trains,† | .97 |
| 112 | Passenger-train miles, 4,075.51 | , 1,443 | 156 | Car-miles—mixed trains,† | 9.26 |
| 113 | Mixed-train miles, 1,378.92 | , 553 | 157 | Train-miles—special trains,† | .56 |
| 114 | Special-train miles, 6,431.74 | , 1 | 158 | Car-miles—special trains,† | 17.53 |
| 115 | Transportation service train-miles 6,431.74 | , 1,887 | | AVERAGES PER LOADED FREIGHT CAR-MILE. | * * * * * |
| 116 | Work-train miles, 6,431.74 | , 21 | 162 | Ton-miles—all freight,† | 23.65 |
| 117 | Locomotive-miles—transportation 6,431.74 | , 2,459 | 163 | Freight revenue,‡ | $ .22817 |
| 118 | Freight service car-miles, 6,409.00 | , 42,881 | | AVERAGES PER CAR-MILE—PASSENGER. | * * * * * |
| 119 | Passenger service car-miles, 5,587.34 | , 6,811 | 171 | Passenger-miles—revenue,† | 7.41 |
| 120 | Freight revenue,† 6,686.79 | $ 6,015.50 | 172 | Passenger revenue,‡ | $ .14590 |
| 121 | Passenger service train revenue,† 5,812.37 | , 927.68 | | MISCELLANEOUS AVERAGES. | * * * * * |
| 122 | Operating revenues,† 6,740.59 | 7,058.53 | 181 | Miles hauled—revenue freight,† | 286.29 |
| 123 | " expenses,† 6,740.59 | 5,784.88 | 182 | " " —nonrevenue freight,† | 245.39 |
| 124 | Net operating revenues,† 6,740.59 | 1,273.65 | 183 | " " —all freight,† | 278.78 |
| 125 | Ton-miles—revenue freight, 6,686.79 | , 533,645 | 184 | Miles carried—revenue passengers,† | 220.54 |
| 126 | " —all freight, 6,686.79 | , 630,001 | 185 | Revenue per ton of freight,‡ | $ 3.22722 |
| 127 | Passenger-miles—revenue, 5,812.37 | , 28,412 | 186 | " " ton-mile of freight,‡ | .01127 |
| | | | 187 | " " passenger,‡ | 4.28529 |
| | | | 188 | " " passenger-mile,‡ | .01943 |
| | | | 189 | Operating ratio,† | % 81.96 |

STATE COMMISSION FOR M—STEAM.

* See instructions for Item No. 1. † Two decimal places required. ‡ Five decimal places required.



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## 710. RAILWAY OPERATING REVENUES EARNED WITHIN THE STATE:

[FOR ROADS MAKING OPERATING REPORTS.]

State the railway operating revenues of the respondent for the year (classified in accordance with the Uniform System of Accounts for Steam Railway Corporations), and the comparison of such revenues with those of the preceding year (showing increases in black and decreases in red) for each of the several classes. The proportion of joint traffic receipts belonging to other carriers should not be included in column (b).

| Line No. | Class of Railway Operating Revenues. (a) | Total amount of revenue for the year. (b) | Comparison with total revenue of preceding year. (Increases in black, decreases in red.) (c) | Revenues Earned Within the State. On intrastate traffic. (d) | On interstate traffic. (e) | Total. (f) |
|---|---|---|---|---|---|---|
| | | $ c. | $ c. | $ c. | $ c. | $ c. |
| 1 | (101) Freight, | | | 4 836 839 24 | 5 316 514 76 | 10 153 354 00 |
| 2 | (102) Passenger, | | | 312 449 06 | 419 806 90 | 732 255 96 |
| 3 | (103) Excess baggage, | | | 2 443 75 | 3 283 42 | 5 727 17 |
| 4 | (104) Sleeping car, | | | 8 40 | 4 82 | 13 22 |
| 5 | (105) Parlor and chair car, | | | 2 837 71 | 1 060 82 | 3 898 53 |
| 6 | (106) Mail, | | | | 332 851 39 | 332 851 39 |
| 7 | (107) Express, | | | | 130 633 90 | 130 633 90 |
| 8 | (108) Other passenger-train, | | | 5 935 34 | Dr. 8 846 71 | Dr. 2 911 37 |
| 9 | (109) Milk, | | | 11 035 85 | 3 896 25 | 14 932 10 |
| 10 | (110) Switching, | | | 371 852 09 | | 371 852 09 |
| 11 | (111) Special service train, | | | 1 241 20 | 767 50 | 2 008 70 |
| 12 | (112) Other freight-train, | | | 102 001 88 | 28 08 | 102 029 96 |
| 13 | (113) Water transfers—Freight, | | | | | |
| 14 | (114) Water transfers—Passenger, | | | | | |
| 15 | (115) Water transfers—Vehicles and live stock, | | | | | |
| 16 | (116) Water transfers—Other, | | | | | |
| 17 | Total rail-line transportation revenue, | | | 5 646 644 52 | 6 200 001 13 | 11 846 645 65 |
| 18 | (121) Freight, | | | | | |
| 19 | (122) Passenger, | | | | | |
| 20 | (123) Excess baggage, | | | | | |
| 21 | (124) Other passenger service, | | | | | |
| 22 | (125) Mail, | | | | | |
| 23 | (126) Express, | | | | | |
| 24 | (127) Special service, | | | | | |
| 25 | (128) Other, | | | | | |
| 26 | Total water-line transportation revenue, | | | | | |
| 27 | (131) Dining and buffet, | | | 22 426 62 | 30 131 67 | 52 558 29 |
| 28 | (132) Hotel and restaurant, | | | 68 994 43 | | 68 994 43 |
| 29 | (133) Station, train, and boat privileges, | | | 2 465 40 | | 2 465 40 |
| 30 | (134) Parcel room, | | | 3 708 15 | | 3 708 15 |
| 31 | (135) Storage—Freight, | | | 824 57 | | 824 57 |
| 32 | (136) Storage—Baggage, | | | 1 661 03 | | 1 661 03 |
| 33 | (137) Demurrage, | | | 9 741 00 | | 9 741 00 |
| 34 | (138) Telegraph and telephone, | | | | 25 726 81 | 25 726 81 |
| 35 | (139) Grain elevator, | | | | | |
| 36 | (140) Stockyard, | | | | | |
| 37 | (141) Power, | | | | | |
| 38 | (142) Rents of buildings and other property, | | | 6 014 01 | | 6 014 01 |
| 39 | (143) Miscellaneous, | | | 50 220 24 | 14 339 74 | 64 559 98 |
| 40 | Total incidental operating revenue, | | | 166 055 45 | 70 198 22 | 236 253 67 |
| 41 | (151) Joint facility—Cr., | | | Dr. 5 283 92 | Dr. 7 589 76 | Dr. 12 873 68 |
| 42 | (152) Joint facility—Dr., | | | 4 885 93 | 185 39 | 5 071 32 |
| 43 | Total joint facility operating revenue, | | | Dr. 10 169 85 | Dr. 7 775 15 | Dr. 17 945 00 |
| 44 | Total railway operating revenues, | | | 5 802 530 12 | 6 262 424 20 | 12 064 954 32 |

Data for columns (b) and (c) not required.

50. State the rule or rules used by the respondent in assigning revenues from interstate traffic to the several States in which such traffic moves.

See note on page 707 regarding apportionment.



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## 720. RAILWAY OPERATING EXPENSES—CLASS I COMPANIES—WITHIN THE STATE.

[FOR COMPANIES HAVING ANNUAL OPERATING REVENUES ABOVE $1,000,000.]

State the railway operating expenses on respondent's road for the year, classifying them in accordance with the Uniform System of Accounts for Steam Railway Corporations, and analyzing them in accordance with the Commission's Rules Governing the Separation of Operating Expenses, effective on January 1, 1920. The returns against "Yard" in accounts Nos. 202–226 should be those applying to tracks in yards where a separate switching service is maintained, as provided for by instructions pertaining to those accounts in the effective Rules.

| Line No. | Name of Railway Operating Expense Account. (a) | Amount of operating expenses for the year. (b) | | | | Expenses related solely to freight service. (c) | | | | Expenses related solely to passenger and allied services. (d) | | | | Expenses Related in Common to Both Freight Service and Passenger and Allied Services. Apportioned to freight service. (e) | | | | Apportioned to passenger and allied services. (f) | | | | Expenses not related to either freight service or passenger and allied services. (g) | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | $ | | | c. | $ | | | c. | $ | | | c. | $ | | | c. | $ | | | c. | $ | | | c. |
| 1 | I. Maintenance of Way and Structures. | | | | | | | | | | | | | | | | | | | | | | | | |
| 2 | (201) Superintendence, | | 201 | 416 | 82 | | | | | | | | | | 143 | 199 | 16 | | 58 | 217 | 66 | | | | |
| 3 | (202) Roadway maintenance—Yard, | | 31 | 480 | 24 | | 9 | 112 | 48 | | | 319 | 64 | | 20 | 258 | 46 | | 1 | 789 | 66 | | | | |
| 4 | Roadway maintenance—Other, | | 247 | 983 | 91 | | | | | | | | | | 169 | 646 | 81 | | 78 | 337 | 10 | | | | |
| 5 | (203) Roadway—Depreciation—Yard, | | | | | | | | | | | | | | | | | | | | | | | | |
| 6 | Roadway—Depreciation—Other, | | | | | | | | | | | | | | | | | | | | | | | | |
| 7 | (204) Underground power tubes—Yard, | | | | | | | | | | | | | | | | | | | | | | | | |
| 8 | Underground power tubes—Other, | | | | | | | | | | | | | | | | | | | | | | | | |
| 9 | (205) Underground power tubes—Depreciation—Yard, | | | | | | | | | | | | | | | | | | | | | | | | |
| 10 | Underground power tubes—Depreciation—Other, | | | | | | | | | | | | | | | | | | | | | | | | |
| 11 | (206) Tunnels and subways—Yard, | | | | | | | | | | | | | | | | | | | | | | | | |
| 12 | Tunnels and subways—Other, | | 16 | 497 | 96 | | | | | | | | | | 11 | 733 | 35 | | 4 | 764 | 61 | | | | |
| 13 | (207) Tunnels and subways—Depreciation—Yard, | | | | | | | | | | | | | | | | | | | | | | | | |
| 14 | Tunnels and subways—Depreciation—Other, | | | | | | | | | | | | | | | | | | | | | | | | |
| 15 | (208) Bridges, trestles, and culverts—Yard, | | 50 | 060 | 94 | | 40 | 058 | 27 | Cr. | | 109 | 69 | | 9 | 555 | 51 | | | 556 | 85 | | | | |
| 16 | Bridges, trestles, and culverts—Other, | | 152 | 233 | 19 | | | | | | | | | | 105 | 254 | 00 | | 46 | 979 | 19 | | | | |
| 17 | (209) Bridges, trestles, and culverts—Depreciation—Yard, | | | | | | | | | | | | | | | | | | | | | | | | |
| 18 | Bridges, trestles, and culverts—Depreciation—Other, | | | | | | | | | | | | | | | | | | | | | | | | |
| 19 | (210) Elevated structures—Yard, | | | | | | | | | | | | | | | | | | | | | | | | |
| 20 | Elevated structures—Other, | | | | | | | | | | | | | | | | | | | | | | | | |
| 21 | (211) Elevated structures—Depreciation—Yard, | | | | | | | | | | | | | | | | | | | | | | | | |
| 22 | Elevated structures—Depreciation—Other, | | | | | | | | | | | | | | | | | | | | | | | | |
| 23 | (212) Ties—Yard, | | 60 | 595 | 97 | | 21 | 917 | 78 | | 1 | 422 | 16 | | 34 | 610 | 92 | | 2 | 645 | 11 | | | | |
| 24 | Ties—Other, | | 304 | 698 | 02 | | | | | | | | | | 208 | 067 | 70 | | 96 | 630 | 32 | | | | |
| 25 | (213) Ties—Depreciation—Yard, | | | | | | | | | | | | | | | | | | | | | | | | |
| 26 | Ties—Depreciation—Other, | | | | | | | | | | | | | | | | | | | | | | | | |
| 27 | (214) Rails—Yard, | | 3 | 277 | 03 | | 1 | 804 | 52 | | | 47 | 18 | | 1 | 314 | 71 | | | 110 | 62 | | | | |
| 28 | Rails—Other, | | 6 | 121 | 48 | | | | | | | | | | 4 | 035 | 58 | | 2 | 085 | 90 | | | | |
| 29 | (215) Rails—Depreciation—Yard, | | | | | | | | | | | | | | | | | | | | | | | | |
| 30 | Rails—Depreciation—Other, | | | | | | | | | | | | | | | | | | | | | | | | |
| 31 | (216) Other track material—Yard, | | 18 | 256 | 36 | | 9 | 588 | 20 | | | 630 | 62 | | 7 | 479 | 40 | | | 558 | 14 | | | | |
| 32 | Other track material—Other, | | 41 | 831 | 65 | | | | | | | | | | 27 | 833 | 14 | | 13 | 998 | 51 | | | | |
| 33 | (217) Other track material—Depreciation—Yard, | | | | | | | | | | | | | | | | | | | | | | | | |
| 34 | Other track material—Depreciation—Other, | | | | | | | | | | | | | | | | | | | | | | | | |
| 35 | (218) Ballast—Yard, | Cr. | | 43 | 22 | Cr. | | 43 | 15 | Cr. | | | 07 | | | | | | | | | | | | |
| 36 | Ballast—Other, | Cr. | | 244 | 64 | | | | | | | | | Cr. | | 179 | 38 | Cr. | | 65 | 26 | | | | |
| 37 | (219) Ballast—Depreciation—Yard, | | | | | | | | | | | | | | | | | | | | | | | | |
| 38 | Ballast—Depreciation—Other, | | | | | | | | | | | | | | | | | | | | | | | | |

| | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 39 | (220) Track laying and surfacing—Yard, | | 53 | 746 | 29 | | 20 | 000 | 27 | | 1 | 988 | 23 | | 29 | 353 | 60 | | 2 | 404 | 19 | | | | |
| 40 | Track laying and surfacing—Other, | | 294 | 101 | 33 | | | | | | | | | | 199 | 361 | 14 | | 94 | 740 | 19 | | | | |
| 41 | (221) Right-of-way fences—Yard, | | | 181 | 20 | | | 117 | 27 | | | | | | | 59 | 63 | | | 4 | 30 | | | | |
| 42 | Right-of-way fences—Other, | | 5 | 203 | 32 | | | | | | | | | | 3 | 579 | 64 | | 1 | 623 | 68 | | | | |
| 43 | (222) Right-of-way fences—Depreciation—Yard, | | | | | | | | | | | | | | | | | | | | | | | | |
| 44 | Right-of-way fences—Depreciation—Other, | | | | | | | | | | | | | | | | | | | | | | | | |
| 45 | (223) Snow and sand fences and snowsheds—Yard, | | | | | | | | | | | | | | | | | | | | | | | | |
| 46 | Snow and sand fences and snowsheds—Other, | | | 799 | 07 | | | | | | | | | | | 505 | 73 | | | 293 | 34 | | | | |
| 47 | (224) Snow and sand fences and snowsheds—Depreciation—Yard, | | | | | | | | | | | | | | | | | | | | | | | | |
| 48 | Snow and sand fences and snowsheds—Depreciation—Other, | | | | | | | | | | | | | | | | | | | | | | | | |
| 49 | (225) Crossings and signs—Yard, | | 21 | 901 | 32 | | 9 | 289 | 29 | | | 73 | 21 | | 11 | 891 | 38 | | | 647 | 44 | | | | |
| 50 | Crossings and signs—Other, | | 27 | 648 | 25 | | | | | | | | | | 18 | 977 | 32 | | 8 | 670 | 93 | | | | |
| 51 | (226) Crossings and signs—Depreciation—Yard, | | | | | | | | | | | | | | | | | | | | | | | | |
| 52 | Crossings and signs—Depreciation—Other, | | | | | | | | | | | | | | | | | | | | | | | | |
| 53 | (227) Station and office buildings, | | 58 | 207 | 01 | | 22 | 031 | 54 | | 18 | 232 | 92 | | 12 | 639 | 40 | | 5 | 303 | 15 | | | | |
| 54 | (228) Station and office buildings—Depreciation, | | | | | | | | | | | | | | | | | | | | | | | | |
| 55 | (229) Roadway buildings, | | 6 | 033 | 60 | | | | | | | | | | 4 | 334 | 45 | | 1 | 699 | 15 | | | | |
| 56 | (230) Roadway buildings—Depreciation, | | | | | | | | | | | | | | | | | | | | | | | | |
| 57 | (231) Water stations, | | 16 | 890 | 55 | | | | | | | | | | 12 | 378 | 12 | | 4 | 512 | 43 | | | | |
| 58 | (232) Water stations—Depreciation, | | | | | | | | | | | | | | | | | | | | | | | | |
| 59 | (233) Fuel stations, | | 9 | 405 | 91 | | | | | | | | | | 6 | 961 | 09 | | 2 | 444 | 82 | | | | |
| 60 | (234) Fuel stations—Depreciation, | | | | | | | | | | | | | | | | | | | | | | | | |
| 61 | (235) Shops and enginehouses, | | 52 | 497 | 16 | | | | | | | | | | 40 | 318 | 67 | | 12 | 178 | 49 | | | | |
| 62 | (236) Shops and enginehouses—Depreciation, | | | | | | | | | | | | | | | | | | | | | | | | |
| 63 | (237) Grain elevators, | | | | | | | | | | | | | | | | | | | | | | | | |
| 64 | (238) Grain elevators—Depreciation, | | | | | | | | | | | | | | | | | | | | | | | | |
| 65 | (239) Storage warehouses, | | | | | | | | | | | | | | | | | | | | | | | | |
| 66 | (240) Storage warehouses—Depreciation, | | | | | | | | | | | | | | | | | | | | | | | | |
| 67 | (241) Wharves and docks, | Cr. | | 88 | 39 | Cr. | | 88 | 39 | | | | | | | | | | | | | | | | |
| 68 | (242) Wharves and docks—Depreciation, | | | | | | | | | | | | | | | | | | | | | | | | |
| 69 | (243) Coal and ore wharves, | | 8 | 122 | 40 | | 8 | 122 | 40 | | | | | | | | | | | | | | | | |
| 70 | (244) Coal and ore wharves—Depreciation, | | | | | | | | | | | | | | | | | | | | | | | | |
| 71 | (245) Gas producing plants, | | | 535 | 61 | | | | | | | | | | | 404 | 26 | | | 129 | 35 | | | | |
| 72 | (246) Gas producing plants—Depreciation, | | | | | | | | | | | | | | | | | | | | | | | | |
| 73 | (247) Telegraph and telephone lines, | | 51 | 164 | 47 | | | | | | | | | | 35 | 795 | 03 | | 15 | 369 | 44 | | | | |
| 74 | (248) Telegraph and telephone lines—Depreciation, | | | | | | | | | | | | | | | | | | | | | | | | |
| 75 | (249) Signals and interlockers, | | 43 | 713 | 90 | | | | | | | | | | 28 | 870 | 75 | | 14 | 843 | 17 | | | | |
| 76 | (250) Signals and interlockers—Depreciation, | | | | | | | | | | | | | | | | | | | | | | | | |
| 77 | (251) Power plant dams, canals, and pipe lines, | | | | | | | | | | | | | | | | | | | | | | | | |
| 78 | (252) Power plant dams, canals, and pipe lines—Depreciation, | | | | | | | | | | | | | | | | | | | | | | | | |
| 79 | (253) Power plant buildings, | | | 867 | 81 | | | | | | | | | | | 618 | 14 | | | 249 | 67 | | | | |
| 80 | (254) Power plant buildings—Depreciation. | | | | | | | | | | | | | | | | | | | | | | | | |
| 81 | (255) Power substation buildings, | | | | | | | | | | | | | | | | | | | | | | | | |
| 82 | (256) Power substation buildings—Depreciation, | | | | | | | | | | | | | | | | | | | | | | | | |
| 83 | (257) Power transmission systems, | | | 17 | 25 | | | | | | | | | | | 13 | 07 | | | 4 | 18 | | | | |
| 84 | (258) Power transmission systems—Depreciation, | | | | | | | | | | | | | | | | | | | | | | | | |
| 85 | (259) Power distribution systems, | | | 474 | 63 | | | 2 | 90 | | | | | | | 350 | 99 | | | 120 | 74 | | | | |
| 86 | (260) Power distribution systems—Depreciation, | | | | | | | | | | | | | | | | | | | | | | | | |
| 87 | Carried forward, | | 1 785 | 586 | 40 | | 141 | 913 | 58 | | 22 | 604 | 20 | 1 | 149 | 221 | 75 | | 471 | 847 | 07 | | | | |

## 720. RAILWAY OPERATING EXPENSES—CLASS I COMPANIES—WITHIN THE STATE—Concluded.

| Line No. | Name of Railway Operating Expense Account. (a) | Amount of operating expenses for the year. (b) | Expenses related solely to freight service. (c) | Expenses related solely to passenger and allied services. (d) | Expenses Related in Common to Both Freight Service and Passenger and Allied Services. Apportioned to freight service. (e) | Expenses Related in Common to Both Freight Service and Passenger and Allied Services. Apportioned to passenger and allied services. (f) | Expenses not related to either freight service or passenger and allied services. (g) |
|---|---|---|---|---|---|---|---|
| 88 | Maintenance of Way and Structures—Brought forward, | $ 1 785 586 40 | $ 141 913 38 | $ 22 604 20 | $ 1 149 221 75 | $ 471 847 07 | $ |
| 89 | (261) Power line poles and fixtures | 267 62 | | | 185 33 | 82 29 | |
| 90 | (262) Power line poles and fixtures—Depreciation, | | | | | | |
| 91 | (263) Underground conduits, | | | | | | |
| 92 | (264) Underground conduits—Depreciation, | | | | | | |
| 93 | (265) Miscellaneous structures, | | | | | | |
| 94 | (266) Miscellaneous structures—Depreciation, | | | | | | |
| 95 | (267) Paving, | 11 222 37 | | | 8 528 06 | 2 694 31 | |
| 96 | (268) Paving—Depreciation, | | | | | | |
| 97 | (269) Roadway machines, | 15 543 57 | | | 11 318 22 | 4 225 35 | |
| 98 | (270) Roadway machines—Depreciation, | | | | | | |
| 99 | (271) Small tools and supplies, | 29 458 61 | | | 21 208 07 | 8 250 54 | |
| 100 | (272) Removing snow, ice, and sand, | 28 018 82 | | | 20 309 42 | 7 709 40 | |
| 101 | (273) Assessments for public improvements, | 2 880 78 | | | 2 024 10 | 856 68 | |
| 102 | (274) Injuries to persons, | 28 746 72 | 118 00 | | 20 369 81 | 8 258 91 | |
| 103 | (275) Insurance, | 5 419 30 | 1 400 00 | | 2 985 44 | 1 033 86 | |
| 104 | (276) Stationery and printing, | 2 976 16 | 250 40 | | 1 989 16 | 736 60 | |
| 105 | (277) Other expenses, | 20 35 | | | 14 82 | 5 53 | |
| 106 | Total of accounts Nos. 201 to 277, | 1 910 140 70 | 143 681 78 | 22 604 20 | 1 238 154 18 | 505 700 54 | |
| 107 | (278) Maintaining joint tracks, yards, and other facilities—Dr., | 56 088 29 | 35 747 02 | 734 06 | 12 548 34 | 7 058 87 | |
| 108 | (279) Maintaining joint tracks, yards, and other facilities—Cr., | 373 728 58 | 42 249 65 | 11 913 07 | 198 823 89 | 120 741 97 | |
| 109 | (280) Equalization—Way and structures, | | | | | | |
| 110 | Total—All depreciation accounts, | | | | | | |
| 111 | Total—All other maintenance of way and structure accounts, | | | | | | |
| 112 | Total maintenance of way and structures, | 1 592 500 41 | 137 179 15 | 11 425 19 | 1 051 878 63 | 392 017 44 | |
| 113 | II. Maintenance of Equipment. | * * *

| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 130 | (317) Passenger-train cars—Repairs, | | 212 | 140 | 74 | | | | | | 212 | 140 | 74 | | | | | | | | | | | | | | | | |
| 131 | (318) Passenger-train cars—Depreciation, | | 96 | 939 | 70 | | | | | | 96 | 939 | 70 | | | | | | | | | | | | | | | | |
| 132 | (319) Passenger-train cars—Retirements, | Cr. | | 426 | 88 | | | | | Cr. | | 426 | 88 | | | | | | | | | | | | | | | | |
| 133 | (320) Motor equipment of cars—Repairs, | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 134 | (321) Motor equipment of cars—Depreciation, | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 135 | (322) Motor equipment of cars—Retirements, | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 136 | (323) Floating equipment—Repairs, | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 137 | (324) Floating equipment—Depreciation, | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 138 | (325) Floating equipment—Retirements, | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 139 | (326) Work equipment—Repairs, | | 49 | 629 | 15 | | | | | | | | | | 35 | 698 | 73 | | 13 | 930 | 42 | | | | | | | | |
| 140 | (327) Work equipment—Depreciation, | | 34 | 446 | 17 | | | | | | | | | | 24 | 433 | 71 | | 10 | 012 | 46 | | | | | | | | |
| 141 | (328) Work equipment—Retirements, | | 3 | 915 | 76 | | | | | | | | | | 2 | 771 | 67 | | 1 | 144 | 09 | | | | | | | | |
| 142 | (329) Miscellaneous equipment—Repairs, | | | 372 | 27 | | | 117 | 30 | | | 1 | 93 | | | 184 | 02 | | | 69 | 02 | | | | | | | | |
| 143 | (330) Miscellaneous equipment—Depreciation, | | | 519 | 71 | | | | | | | | | | | 377 | 96 | | | 141 | 75 | | | | | | | | |
| 144 | (331) Miscellaneous equipment—Retirements, | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 145 | (332) Injuries to persons, | | 25 | 144 | 89 | | 15 | 140 | 52 | | | 225 | 32 | | 7 | 067 | 78 | | 2 | 711 | 27 | | | | | | | | |
| 146 | (333) Insurance, | | 2 | 337 | 05 | | | | | | | 189 | 05 | | 1 | 589 | 95 | | | 558 | 06 | | | | | | | | |
| 147 | (334) Stationery and printing, | | 1 | 331 | 78 | | | | | | | | | | | 963 | 91 | | | 367 | 87 | | | | | | | | |
| 148 | (335) Other expenses, | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 149 | Total of accounts Nos. 301 to 335, | 2 | 716 | 714 | 56 | 1 | 556 | 343 | 39 | | 567 | 624 | 09 | | 410 | 037 | 58 | | 182 | 709 | 50 | | | | | | | | |
| 150 | (336) Maintaining joint equipment—Dr., | | 20 | 915 | 42 | | 26 | 690 | 34 | Cr. | 5 | 857 | 30 | | | 61 | 14 | | | 21 | 24 | | | | | | | | |
| 151 | (337) Maintaining joint equipment—Cr., | | 30 | 473 | 53 | | 28 | 357 | 76 | Dr. | | 95 | 18 | | 1 | 617 | 49 | | | 593 | 46 | | | | | | | | |
| 152 | (338) Equalization—Equipment, | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 153 | Total—All depreciation accounts, | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 154 | Total—All other maintenance of equipment accounts, | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 155 | Total maintenance of equipment, | 2 | 707 | 156 | 45 | 1 | 554 | 675 | 97 | | 561 | 861 | 97 | | 408 | 481 | 23 | | 182 | 137 | 28 | | | | | | | | |
| 156 | III. Traffic. | * * | * * | * * | * | * | * * | * * | * | * | * * | * * | * | * | * * | * * | * | * | * * | * * | * | * | * * | * * | * | | | | |
| 157 | (351) Superintendence, | | 120 | 337 | 92 | | 66 | 420 | 41 | | 31 | 181 | 16 | | 11 | 341 | 56 | | 11 | 394 | 79 | | | | | | | | |
| 158 | (352) Outside agencies, | | 250 | 159 | 04 | | 95 | 028 | 48 | | 93 | 303 | 81 | | 30 | 877 | 14 | | 30 | 949 | 61 | | | | | | | | |
| 159 | (353) Advertising, | | 67 | 379 | 79 | | 1 | 001 | 40 | | 64 | 779 | 38 | | | 756 | 84 | | | 842 | 17 | | | | | | | | |
| 160 | (354) Traffic associations, | | 11 | 110 | 86 | | 9 | 912 | 74 | | 1 | 198 | 12 | | | | | | | | | | | | | | | | |
| 161 | (355) Fast freight lines, | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 162 | (356) Industrial and immigration bureaus, | | 22 | 205 | 85 | | | | | | | | | | 11 | 119 | 04 | | 11 | 086 | 81 | | | | | | | | |
| 163 | (357) Insurance, | | | 318 | 21 | | | 44 | 32 | | | 62 | 82 | | | 116 | 11 | | | 94 | 96 | | | | | | | | |
| 164 | (358) Stationery and printing, | | 25 | 488 | 04 | | 17 | 824 | 58 | | 4 | 377 | 62 | | 1 | 645 | 41 | | 1 | 640 | 43 | | | | | | | | |
| 165 | (359) Other expenses, | | | 400 | 56 | | | | | | | 407 | 25 | | | | 68 | Cr. | | 7 | 37 | | | | | | | | |
| 166 | Total of accounts Nos. 351 to 359, | | 497 | 400 | 27 | | 190 | 231 | 93 | | 195 | 310 | 16 | | 55 | 856 | 78 | | 56 | 001 | 40 | | | | | | | | |
| 167 | IV. Transportation—Rail Line. | * * | * * | * * | * | * | * * | * * | * | * | * * | * * | * | * | * * | * * | * | * | * * | * * | * | * | * * | * * | * | | | | |
| 168 | (371) Superintendence, | | 154 | 622 | 02 | | 13 | 300 | 12 | | 6 | 445 | 58 | | 98 | 781 | 97 | | 36 | 094 | 35 | | | | | | | | |
| 169 | (372) Dispatching trains, | | 170 | 838 | 75 | | 5 | 530 | 58 | | | | | | 85 | 479 | 97 | | 79 | 828 | 20 | | | | | | | | |
| 170 | (373) Station employees, | | 873 | 915 | 78 | | 371 | 735 | 02 | | 135 | 597 | 07 | | 269 | 414 | 72 | | 97 | 168 | 97 | | | | | | | | |
| 171 | (374) Weighing, inspection, and demurrage bureaus, | | 15 | 555 | 74 | | 15 | 555 | 74 | | | | | | | | | | | | | | | | | | | | |
| 172 | (375) Coal and ore wharves, | | | 680 | 44 | | | 680 | 44 | | | | | | | | | | | | | | | | | | | | |
| 173 | (376) Station supplies and expenses, | | 75 | 534 | 82 | | 21 | 814 | 54 | | 28 | 917 | 37 | | 17 | 994 | 63 | | 6 | 808 | 28 | | | | | | | | |
| 174 | (377) Yardmasters and yard clerks, | | 277 | 075 | 28 | | 258 | 874 | 29 | | 18 | 200 | 99 | | | | | | | | | | | | | | | | |
| 175 | (378) Yard conductors and brakemen, | | 392 | 422 | 46 | | 360 | 373 | 15 | | 32 | 049 | 31 | | | | | | | | | | | | | | | | |
| 176 | Carried forward, | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

## 720. RAILWAY OPERATING EXPENSES—CLASS I COMPANIES—WITHIN THE STATE—Concluded.

| Line No. | Name of Railway Operating Expense Account. (a) | Amount of operating expenses for the year. (b) | Expenses related solely to freight service. (c) | Expenses related solely to passenger and allied services. (d) | Expenses Related in Common to Both Freight Service and Passenger and Allied Services. Apportioned to freight service. (e) | Apportioned to passenger and allied services. (f) | Expenses not related to either freight service or passenger and allied services. (g) |
|---|---|---|---|---|---|---|---|
| 177 | Transportation—Rail Line—Brought forward, | $ c. | $ c. | $ c. | $ c. | $ c. | $ c. |
| 178 | (379) Yard switch and signal tenders, | 48 087 84 | 44 263 66 | 3 824 18 | | | |
| 179 | (380) Yard enginemen, | 265 781 19 | 243 796 68 | 21 984 51 | | | |
| 180 | (381) Yard motormen, | | | | | | |
| 181 | (382) Fuel for yard locomotives, | 164 965 41 | 149 691 72 | 15 273 69 | | | |
| 182 | (383) Yard switching power produced, | | | | | | |
| 183 | (384) Yard switching power purchased, | | | | | | |
| 184 | (385) Water for yard locomotives, | 4 503 02 | 4 031 50 | 471 52 | | | |
| 185 | (386) Lubricants for yard locomotives, | 2 302 94 | 2 115 78 | 187 16 | | | |
| 186 | (387) Other supplies for yard locomotives, | 2 465 85 | 2 283 61 | 182 24 | | | |
| 187 | (388) Enginehouse expenses—Yard, | 70 542 17 | 66 679 32 | 3 862 85 | | | |
| 188 | (389) Yard supplies and expenses, | 12 487 16 | 11 609 84 | 877 32 | | | |
| 189 | (392) Train enginemen, | 636 532 28 | 415 068 98 | 199 935 44 | 18 816 99 | 2 710 87 | |
| 190 | (393) Train motormen, | 19 130 42 | | 19 130 42 | | | |
| 191 | (394) Fuel for train locomotives, | 843 713 70 | 559 084 68 | 268 927 76 | 13 591 38 | 2 109 88 | |
| 192 | (395) Train power produced, | | | | | | |
| 193 | (396) Train power purchased, | | | | | | |
| 194 | (397) Water for train locomotives, | 26 304 62 | | | 17 719 03 | 8 585 59 | |
| 195 | (398) Lubricants for train locomotives, | 17 644 89 | 9 855 01 | 7 480 42 | 282 80 | 26 66 | |
| 196 | (399) Other supplies for train locomotives, | 8 231 66 | 4 936 12 | 3 095 39 | 178 14 | 22 01 | |
| 197 | (400) Enginehouse expenses—Train, | 186 973 54 | 129 840 39 | 52 096 17 | 4 272 50 | 764 48 | |
| 198 | (401) Trainmen, | 808 370 11 | 545 978 69 | 234 539 67 | 24 310 50 | 3 541 25 | |
| 199 | (402) Train supplies and expenses, | 184 010 94 | 88 806 62 | 95 204 32 | | | |
| 200 | (403) Operating sleeping cars, | | | | | | |
| 201 | (404) Signal and interlocker operation, | 44 901 25 | | | 28 573 35 | 16 327 90 | |
| 202 | (405) Crossing protection, | 61 810 21 | | | 42 263 14 | 19 547 07 | |
| 203 | (406) Drawbridge operation, | 39 468 91 | 3 168 52 | | 28 341 67 | 7 958 72 | |
| 204 | (407) Telegraph and telephone operation, | 37 869 23 | 4 96 | | 27 110 41 | 10 753 86 | |
| 205 | (408) Operating floating equipment, | | | | | | |
| 206 | (409) Express service, | | | | | | |
| 207 | (410) Stationery and printing, | 21 355 08 | 7 714 82 | 3 100 45 | 7 813 34 | 2 726 47 | |
| 208 | (411) Other expenses, | 7 722 52 | 3 354 76 | 2 582 69 | 1 389 00 | 396 07 | |
| 209 | (414) Insurance, | 1 599 79 | 455 40 | 42 | 839 00 | 304 97 | |
| 210 | (415) Clearing wrecks, | 12 995 36 | 12 332 63 | 534 65 | 86 21 | 41 87 | |
| 211 | (416) Damage to property, | 27 673 75 | 10 953 05 | 1 746 76 | 10 695 68 | 4 278 26 | |
| 212 | (417) Damage to live stock on right of way, | 15 442 54 | 1 209 41 | 3 323 00 | 7 925 01 | 2 985 12 | |
| 213 | (418) Loss and damage—Freight, | 59 253 16 | 59 253 16 | | | | |
| 214 | (419) Loss and damage—Baggage, | 1 048 11 | | 1 048 11 | | | |
| 215 | (420) Injuries to persons, | 92 828 46 | 40 060 73 | 39 684 30 | 9 466 99 | 3 616 44 | |
| 216 | Total of accounts Nos. 371 to 389, 392 to 411, and 414 to 420, | 5 686 661 40 | 3 464 413 92 | 1 200 303 76 | 715 346 43 | 306 597 29 | |



State Commission Form—Steam.

| | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 217 | (390) Operating joint yards and terminals—Dr., | | 50 | 244 | 59 | | 45 | 153 | 04 | | | | | 3 | 327 | 34 | | 1 | 764 | 21 | | | | |
| 218 | (391) Operating joint yards and terminals—Cr., | | 219 | 282 | 00 | | 168 | 167 | 25 | | 44 | 987 | 75 | 4 | 001 | 15 | | 2 | 125 | 85 | | | | |
| 219 | (412) Operating joint tracks and facilities—Dr., | | 34 | 203 | 31 | | 24 | 433 | 64 | Cr. | 1 | 304 | 70 | 7 | 174 | 61 | | 3 | 899 | 76 | | | | |
| 220 | (413) Operating joint tracks and facilities—Cr., | | 199 | 410 | 53 | | 38 | 944 | 52 | | 39 | 180 | 02 | 79 | 153 | 05 | | 42 | 132 | 94 | | | | |
| 221 | Total transportation—Rail line, | 5 | 352 | 416 | 77 | 3 | 326 | 888 | 83 | 1 | 114 | 831 | 29 | 642 | 694 | 18 | | 268 | 002 | 47 | | | | |
| 222 | V. TRANSPORTATION—WATER LINE. | * * | * * | * * | * | * | * * | * * | * | * | * * | * * | * | * * | * * | * | * | * * | * * | * | * | * * | * * | * |
| 223 | (431) Operation of vessels, | | | | | | | | | | | | | | | | | | | | | | | |
| 224 | (432) Operation of terminals, | | | | | | | | | | | | | | | | | | | | | | | |
| 225 | (433) Incidental, | | | | | | | | | | | | | | | | | | | | | | | |
| 226 | Total transportation—Water line, | | | | | | | | | | | | | | | | | | | | | | | |
| 227 | VI. MISCELLANEOUS OPERATIONS. | * * | * * | * * | * | * | * * | * * | * | * | * * | * * | * | * * | * * | * | * | * * | * * | * | * | * * | * * | * |
| 228 | (441) Dining and buffet service, | | 81 | 917 | 11 | | | | | | 81 | 917 | 11 | | | | | | | | | | | |
| 229 | (442) Hotels and restaurants, | | 70 | 732 | 81 | | | | | | 31 | 774 | 61 | 8 | 025 | 74 | | 30 | 932 | 46 | | | | |
| 230 | (443) Grain elevators, | | | | | | | | | | | | | | | | | | | | | | | |
| 231 | (444) Stockyards, | | | | | | | | | | | | | | | | | | | | | | | |
| 232 | (445) Producing power sold, | | | | | | | | | | | | | | | | | | | | | | | |
| 233 | (446) Other miscellaneous operations, | | | | | | | | | | | | | | | | | | | | | | | |
| 234 | Total miscellaneous operations, | | 152 | 649 | 92 | | | | | | 115 | 691 | 72 | 8 | 025 | 74 | | 30 | 932 | 46 | | | | |
| 235 | VII. GENERAL. | * * | * * | * * | * | * | * * | * * | * | * | * * | * * | * | * * | * * | * | * | * * | * * | * | * | * * | * * | * |
| 236 | (451) Salaries and expenses of general officers, | | 97 | 698 | 88 | | 8 | 471 | 16 | | | 410 | 50 | 63 | 807 | 54 | | 24 | 009 | 68 | | | | |
| 237 | (452) Salaries and expenses of clerks and attendants, | | 365 | 743 | 09 | | 103 | 445 | 86 | | 21 | 411 | 77 | 175 | 039 | 87 | | 65 | 845 | 59 | | | | |
| 238 | (453) General office supplies and expenses, | | 23 | 050 | 37 | | | 840 | 79 | | | 50 | 09 | 16 | 105 | 46 | | 6 | 054 | 03 | | | | |
| 239 | (454) Law expenses, | | 48 | 739 | 21 | | 2 | 019 | 67 | | | 220 | 86 | 33 | 791 | 66 | | 12 | 707 | 02 | | | | |
| 240 | (455) Insurance, | | | 901 | 25 | | | | | | | | | | 654 | 69 | | | 246 | 56 | | | | |
| 241 | (456) Relief department expenses, | | | | | | | | | | | | | | | | | | | | | | | |
| 242 | (457) Pensions,* | | 267 | 954 | 03 | | | | | | | | | 194 | 689 | 27 | | 73 | 264 | 76 | | | | |
| 243 | (458) Stationery and printing, | | 17 | 726 | 41 | | 2 | 102 | 84 | | | 197 | 20 | 11 | 208 | 63 | | 4 | 217 | 74 | | | | |
| 244 | (459) Valuation expenses, | | 9 | 093 | 69 | | | | | | | | | 6 | 608 | 26 | | 2 | 485 | 43 | | | | |
| 245 | (460) Other expenses, | | 21 | 458 | 89 | | | 137 | 95 | | | 678 | 30 | 14 | 996 | 45 | | 5 | 646 | 19 | | | | |
| 246 | Total of accounts Nos. 451 to 460, | | 852 | 365 | 82 | | 117 | 018 | 27 | | 23 | 968 | 72 | 516 | 901 | 83 | | 194 | 477 | 00 | | | | |
| 247 | (461) General joint facilities—Dr., | | 6 | 812 | 31 | | 6 | 110 | 65 | | | 98 | 19 | | 431 | 76 | | | 171 | 71 | | | | |
| 248 | (462) General joint facilities—Cr., | | 8 | 875 | 72 | | | 119 | 77 | | | 81 | 82 | 6 | 694 | 33 | | 1 | 979 | 80 | | | | |
| 249 | Total general expenses, | | 850 | 302 | 41 | | 123 | 009 | 15 | | 23 | 985 | 09 | 510 | 639 | 26 | | 192 | 668 | 91 | | | | |
| 250 | VIII. TRANSPORTATION FOR INVESTMENT—Cr., | | 7 | 384 | 04 | | 7 | 227 | 30 | | | 156 | 74 | | | | | | | | | | | |
| 251 | GRAND TOTAL RAILWAY OPERATING EXPENSES, | 11 | 145 | 042 | 19 | 5 | 324 | 757 | 73 | 2 | 020 | 948 | 68 | 2 | 677 | 575 | 82 | 1 | 121 | 759 | 96 | | | |

252 Operating ratio (ratio of operating expenses to operating revenues), 92.38 per cent.

State briefly the rule or rules in accordance with which expenses common to operations in two or more States are assigned to the State; if such rules are in print, file a copy thereof with this report or give reference to such copy previously filed.

NOTE:

The statements herein either of revenues or expenses attributed to Washington are misleading unless properly understood. They are necessarily based on arbitrary assumptions as follows:

Revenues contain (first) the revenues of business wholly local within the State and in addition a proportion of interstate revenues determined by the proportion of mileage which each interstate freight shipment or passenger is carried within the State.

Charges for expenses contain (first) those expenses incurred in each state, that are considered wholly applicable to that state, and in addition some mileage proportion of expenses which can not be localised. Apportioning either such revenues or such expenses on a mileage basis is purely arbitrary and has been adopted for want of any other basis.

## 931. STATISTICS OF RAIL-LINE OPERATIONS—WITHIN THE STATE.

Give the various statistical items called for concerning the rail-line operations of respondent's road during the year. *If the respondent for its own purposes uses more accurate methods than are provided below for computing the required averages, the more accurate figures should be given in the returns, and the method of computing each average should be indicated in a footnote.* Train-miles, locomotive-miles, car-miles, motor car-miles and other particulars are to be classified in accordance with the Uniform System of Accounts for Steam Railway Corporations. Motor car and trailer miles, if any, should be included in column (d). In computing averages per locomotive-mile (Items 151–158), motor car and trailer train-miles and car-miles should be excluded.

### Instructions Regarding Various Items Designated by Numbers.

1 includes road operated under trackage rights. If the average mileage used for freight or passenger service notably differs from the mileage reportable for Item No. 1, the respective "Averages per mile of road" (Items Nos. 111–127) affected, should be computed accordingly, and pertinent details given in a footnote.

91 includes all freight the revenue from which is includable in account No. 101, "Freight."

92 includes not only nonrevenue freight which is hauled on transportation trains, but also a proportion of the weight of exclusive work equipment, based on the relationship of net tons to gross tons of revenue freight for the reporting period.

94 relates to freight included in 91.

95 relates to freight included in 92.

103 is the aggregate of revenue accounts Nos. 102 to 109, inclusive. (See page 700.)

111=13÷1.
112=14÷1.
113=15÷1.
114=16÷1.
115=17÷1.
116=18÷1.
117=41÷1.
118=(56+62+63+64+65+71+72+73+74)÷1.
119=(61+66+67+68+69+75+76+77+78)÷1.
120=101÷1.
121=103÷1.
122=104÷1.
123=105÷1.
124=106÷1.
125= 94÷1.
126= 96÷1.
127=100÷1.
131= 51÷13.
132= 62÷15.
133= 52÷13.
134= 63÷15.
135= 94÷(13+freight-car proportion of 15).
136= 96÷(13+freight-car proportion of 15).
137= 61÷14.
138=(66+67+68+69)÷15.
139=100÷(14+passenger-car proportion of 15).
140=101÷(13+freight-car proportion of 15).
141=103÷(14+passenger-car proportion of 15).
142=104÷17.
143=105÷17.
144=106÷17.
151= 13÷24.
152= 56÷24.
153= 14÷28.
154= 61÷28.
155= 15÷32.
156= 70÷32.
157= 16÷36.
158= 79÷36.
162= 96÷(51+62).
163=101÷(51+62).
171=100÷(57+58+66+67).
172=102÷(57+58+66+67).
181= 94÷91.
182= 95÷92.
183= 96÷93.
184=100÷99.
185=101÷91.
186=101÷94.
187=102÷99.
188=102÷100.
189=105÷104.

(See notes on page 906)

| Item No. | Item. (a) | With steam locomotives. (b) | | | With electric and other locomotives. (c) | | | Without locomotives. (d) | | | Total. (e) | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Average mileage of road operated,† (miles), | * * | * * | * * | * * | * * | * * | * * | * * | * * | 1 | 942 | 90 |
| | Train-miles. | * * | * * | * * | * * | * * | * * | * * | * * | * * | * * | * * | * * |
| 11 | Freight—ordinary, | 1 | 665 | 948 | | | | | | | 1 | 665 | 948 |
| 12 | " —light, | | 11 | 230 | | | | | | | | 11 | 230 |
| 13 | " —total, | 1 | 677 | 178 | | | | | | | 1 | 677 | 178 |
| 14 | Passenger, | 1 | 444 | 368 | | | | | 265 | 076 | 1 | 709 | 444 |
| 15 | Mixed, (Frt. 73 184 , Pass. 7 871 ), | | 81 | 055 | | | | | | | | 81 | 055 |
| 16 | Special, | | 1 | 256 | | | | | | | | 1 | 256 |
| 17 | Total transportation service, | 3 | 203 | 857 | | | | | 265 | 076 | 3 | 468 | 933 |
| 18 | Work service, | | 66 | 404 | | | | | | | | 66 | 404 |
| | Locomotive-miles. | * * | * * | * * | * * | * * | * * | * * | * * | * * | * * | * * | * * |
| 21 | Freight—principal, | 1 | 682 | 704 | | | | * * | * * | * * | 1 | 682 | 704 |
| 22 | " —helper, | | 125 | 598 | | | | * * | * * | * * | | 125 | 598 |
| 23 | " —light, | | 75 | 722 | | | | * * | * * | * * | | 75 | 722 |
| 24 | " —total, | 1 | 884 | 024 | | | | * * | * * | * * | 1 | 884 | 024 |
| 25 | Passenger—principal, | 1 | 444 | 368 | | | | * * | * * | * * | 1 | 444 | 368 |
| 26 | " —helper, | | 86 | 571 | | | | * * | * * | * * | | 86 | 571 |
| 27 | " —light, | | 47 | 646 | | | | * * | * * | * * | | 47 | 646 |
| 28 | " —total, | 1 | 578 | 585 | | | | * * | * * | * * | 1 | 578 | 585 |
| 29 | Mixed train—principal, | | 81 | 055 | | | | * * | * * | * * | | 81 | 055 |
| 30 | " " —helper, | | | | | | | * * | * * | * * | | | |
| 31 | " " —light, | | 1 | 415 | | | | * * | * * | * * | | 1 | 415 |
| 32 | " " —total, | | 82 | 470 | | | | * * | * * | * * | | 82 | 470 |
| 33 | Special—principal, | | 1 | 256 | | | | * * | * * | * * | | 1 | 256 |
| 34 | " —helper, | | 1 | 082 | | | | * * | * * | * * | | 1 | 082 |
| 35 | " —light, | | | 568 | | | | * * | * * | * * | | | 568 |
| 36 | " —total, | | 2 | 906 | | | | * * | * * | * * | | 2 | 906 |
| 37 | Train switching, | | 166 | 741 | | | | * * | * * | * * | | 166 | 741 |
| 38 | Yard switching—freight, | | 897 | 185 | | | | * * | * * | * * | | 897 | 185 |
| 39 | " " —passenger, | | 81 | 007 | | | | * * | * * | * * | | 81 | 007 |
| 40 | " " —total, | | 978 | 192 | | | | * * | * * | * * | | 978 | 192 |
| 41 | Total transportation service, | 4 | 692 | 918 | | | | * * | * * | * * | 4 | 692 | 918 |
| 42 | Work service, | | 77 | 385 | | | | * * | * * | * * | | 77 | 385 |
| | Car-miles. | * * | * * | * * | * * | * * | * * | * * | * * | * * | * * | * * | * * |
| 51 | Freight train—loaded, | 38 | 066 | 638 | | | | | | | 38 | 066 | 638 |
| 52 | " " —empty, | 17 | 022 | 352 | | | | | | | 17 | 022 | 352 |
| 53 | Sum of loaded and empty, | 55 | 088 | 990 | | | | | | | 55 | 088 | 990 |
| 54 | Freight train—caboose, | 1 | 755 | 683 | | | | | | | 1 | 755 | 683 |
| 55 | " " —exclusive work equipment, | | 559 | 917 | | | | | | | | 559 | 917 |
| 56 | " " —total, | 57 | 404 | 590 | | | | | | | 57 | 404 | 590 |
| 57 | Passenger train—passenger, | 2 | 592 | 087 | | | | | 310 | 929 | 2 | 903 | 016 |
| 58 | " " —sleeping, parlor, and observation, | 2 | 974 | 493 | | | | | | | 2 | 974 | 493 |
| 59 | " " —dining, | | 378 | 392 | | | | | | 22 | | 378 | 414 |
| 60 | " " —other, | 3 | 380 | 878 | | | | | 3 | 829 | 3 | 384 | 707 |
| 61 | " " —total, | 9 | 325 | 850 | | | | | 314 | 780 | 9 | 640 | 630 |

† Two decimal places required.



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## 931. STATISTICS OF RAIL-LINE OPERATIONS—WITHIN THE STATE—Continued.

| Item No. | Item. (a) | With steam locomotives. (b) | | With electric and other locomotives. (c) | | | Without locomotives. (d) | | | Total (e) | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Car-miles—Continued. | | | | | | | | | | | |
| 62 | Mixed train—freight—loaded, | | 161 195 | | | | | | | | 161 195 | |
| 63 | " " —freight—empty, | | 133 545 | | | | | | | | 133 545 | |
| 64 | " " —caboose | | 45 316 | | | | | | | | 45 316 | |
| 65 | " " —exclusive work equipment, | | 4 942 | | | | | | | | 4 942 | |
| 66 | " " —passenger, | | 34 081 | | | | | | | | 34 081 | |
| 67 | " " —sleeping, parlor, and observation, | | | | | | | | | | | |
| 68 | " " —dining, | | | | | | | | | | | |
| 69 | " " —other passenger-train, | | 136 | | | | | | | | 136 | |
| 70 | " " —total, | | 379 215 | | | | | | | | 379 215 | |
| 71 | Special train—freight—loaded, | | 10 468 | | | | | | | | 10 468 | |
| 72 | " " —freight—empty, | | 384 | | | | | | | | 384 | |
| 73 | " " —caboose, | | 464 | | | | | | | | 464 | |
| 74 | " " —exclusive work equipment, | | | | | | | | | | | |
| 75 | " " —passenger, | | 4 043 | | | | | | | | 4 043 | |
| 76 | " " —sleeping, parlor, and observation, | | 2 965 | | | | | | | | 2 965 | |
| 77 | " " —dining, | | 743 | | | | | | | | 743 | |
| 78 | " " —other passenger-train, | | 2 783 | | | | | | | | 2 783 | |
| 79 | " " —total, | | 21 850 | | | | | | | | 21 850 | |
| 80 | Total transportation service, | 67 | 131 505 | | | | 314 | 780 | 67 | 446 285 | | |
| 81 | Work service, | | 201 700 | | | | | | | | 201 700 | |

| Item No. | Item. (f) Miles of road | Amount. (g) | Item No. | Item. (h) | Amount. (i) |
|---|---|---|---|---|---|
| | Freight Service. | | | Averages per Train-mile. | |
| 91 | Tons—revenue freight, | 5,775,733 | 131 | Loaded freight car-miles—freight trains,† | 22.70 |
| 92 | " —nonrevenue freight, | 717,504 | 132 | " " " " —mixed trains,† | 1.99 |
| 93 | " —total, | 6,493,237 | 133 | Empty freight car-miles—freight trains,† | 10.15 |
| 94 | Ton-miles—revenue freight, | 839,237,509 | 134 | " " " " —mixed trains,† | 1.65 |
| 95 | " " —nonrevenue freight, | 91,674,372 | 135 | Ton-miles—revenue freight,† | 479.47 |
| 96 | " " —total, | 930,911,881 | 136 | " —all freight,† | 531.84 |
| 97 | Gross ton-miles, incl. locomotives and tenders, | , , | 137 | Passenger train car-miles—passenger trains,† | 5.64 |
| 98 | " " " excl. locomotives and tenders, | , , | 138 | " " " " —mixed trains,† | .42 |
| | Passenger Service. | | 139 | Revenue passenger-miles,† | 22.01 |
| 99 | Passengers carried—revenue, | 257,206 | 140 | Freight revenue,† | $ 5.80 |
| 100 | Passenger-miles—revenue, | 37,802,392 | 141 | Passenger service train revenue,† | .71 |
| | Revenues and Expenses. | $ | 142 | Operating revenues,† | 3.48 |
| 101 | Freight revenue,† See | 10,153,354.00 | 143 | " expenses,† | 3.21 |
| 102 | Passenger revenue,† note | 732,255.96 | 144 | Net operating revenues,† | .27 |
| 103 | Passenger service train revenue,† on | 1,217,400.90 | | Averages per Locomotive-mile. | |
| 104 | Operating revenues,† Page | 12,064 954.32 | 151 | Train-miles—freight trains,† | .89 |
| 105 | " expenses,† 707 | 11,145,042.19 | 152 | Car-miles—freight trains,† | 30.47 |
| 106 | Net operating revenues,† | 919,912.13 | 153 | Train-miles—passenger trains,† | .91 |
| | Averages per Mile of Road.* | | 154 | Car-miles—passenger trains,† | 5.91 |
| 111 | Freight-train miles, 1745.81 | 961 | 155 | Train-miles—mixed trains,† | .98 |
| 112 | Passenger-train miles, 1027.25 | 1,664 | 156 | Car-miles—mixed trains,† | 4.60 |
| 113 | Mixed-train miles, 117.74 | 688 | 157 | Train-miles—special trains,† | .43 |
| 114 | Special-train miles, 1843.04 | 1 | 158 | Car-miles—special trains,† | 7.52 |
| 115 | Transportation service train-miles, 1843.04 | 1,882 | | Averages per Loaded Freight Car-mile. | |
| 116 | Work-train miles, 1843.04 | 36 | 162 | Ton-miles—all freight,† | 24.00 |
| 117 | Locomotive-miles—transportation, 1843.04 | 2,546 | 163 | Freight revenue,‡ | $ .26560 |
| 118 | Freight service car-miles, 1840.80 | 31,378 | | Averages per Car-mile—Passenger. | |
| 119 | Passenger service car-miles, 1287.26 | 7,524 | 171 | Passenger-miles—revenue,† | 6.39 |
| 120 | Freight revenue,† 1917.64 | $ 5,294.71 | 172 | Passenger revenue,‡ | $ .12387 |
| 121 | Passenger service train revenue,† 1380.78 | 881.68 | | Miscellaneous Averages. | |
| 122 | Operating revenues,† 1942.90 | 6,209.76 | 181 | Miles hauled—revenue freight,† | 145.30 |
| 123 | " expenses,† 1942.90 | 5,736.29 | 182 | " " —nonrevenue freight,† | 127.77 |
| 124 | Net operating revenues,† 1942.90 | 473.47 | 183 | " " —all freight,† | 143.37 |
| 125 | Ton-miles—revenue freight, 1917.64 | 437,641 | 184 | Miles carried—revenue passengers,† | 146.97 |
| 126 | " —all freight, 1917.64 | 485,447 | 185 | Revenue per ton of freight,‡ | $ 1.75793 |
| 127 | Passenger-miles—revenue, 1380.78 | 27,378 | 186 | " " ton-mile of freight,‡ | .01210 |
| | | | 187 | " " passenger,‡ | 2.84696 |
| | | | 188 | " " passenger-mile,‡ | .01937 |
| | | | 189 | Operating ratio,† | % 92.38 |

State Commission Form—Steam.

* See instructions for Item No. 1. † Two decimal places required. ‡ Five decimal places required.



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## VERIFICATION.

The foregoing report must be verified by the oath of the officer having control of the accounting of the respondent. It should be verified, also, by the oath of the president or other chief officer of the respondent, unless the respondent states on the last preceding page of this report that such chief officer has no control over the accounting of the respondent. Under the provisions of section 20 of the Interstate Commerce Act, "the oath required * * * may be taken before any person authorized to administer an oath by the laws of the State in which the same is taken."

### OATH.

(To be made by the officer having control of the accounting of the respondent.)

State of _____ } ss:
County of _____

_____ makes oath and says that he is _____
(Insert here the name of the affiant.) (Insert here the official title of the affiant.)

of NORTHERN PACIFIC RAILWAY COMPANY
(Insert here the exact legal title or name of the respondent.)

that it is his duty to have supervision over the books of account of the respondent and to control the manner in which such books are kept; that he knows that such books have, during the period covered by the foregoing report, been kept in good faith in accordance with the accounting and other orders of the Interstate Commerce Commission, effective during the said period; that he has carefully examined the said report and to the best of his knowledge and belief the entries contained in the said report have, so far as they relate to matters of account, been accurately taken from the said books of account and are in exact accordance therewith; that he believes that all other statements of fact contained in the said report are true, and that the said report is a correct and complete statement of the business and affairs of the above-named respondent during the period of time from and including

_____, 193 , to and including _____, 193

(Signed) W. C. Pinger
(Signature of affiant.)

Subscribed and sworn to before me, a _____, in and for the State and county above named, this _____ day of _____, 193

My commission expires _____ [Use an impression seal. L. S.]

_____
(Signature of officer authorized to administer oaths.)

### SUPPLEMENTAL OATH.

(By the president or other chief officer of the respondent.)

State of _____ } ss:
County of _____

_____ makes oath and says that he is _____
(Insert here the name of the affiant.) (Insert here the official title of the affiant.)

of NORTHERN PACIFIC RAILWAY COMPANY
(Insert here the exact legal title or name of the respondent.)

that he has carefully examined the foregoing report; that he believes that all statements of fact contained in the said report are true, and that the said report is a correct and complete statement of the business and affairs of the above-named respondent and the operations of its property during the period of time from and including _____, 193 , to and including _____, 193

(Signed) R. W. Scandrett
(Signature of affiant.)

Subscribed and sworn to before me, a _____, in and for the State and county above named, this _____ day of _____, 193

My commission expires _____ [Use an impression seal. L. S.]

_____
(Signature of officer authorized to administer oaths.)

[fol. 719] DEFENDANT'S EXHIBIT 11

Northern Pacific Railway Company

Terminal Cost Study

Statement of Net Engine Hour Costs

Station Spokane, Wash., from June 3, 1934 to June 9, 1934

| Acct. No. | Description | Expense for test period | Net engine hours | Cost per engine hour |
|---|---|---|---|---|
| | Maintenance of Way and Structures | | | |
| 201 | Superintendence | $87.61 | 564.37 | ..... |
| 202 | Roadway Maintenance | 54.52 | ..... | ..... |
| 203 | Bridges, Trestles and Culverts | 14.07 | ..... | ..... |
| 212 | Ties | 131.93 | ..... | ..... |
| 214 | Rails | 68.14 | ..... | ..... |
| 216 | Other Track Material | 80.58 | ..... | ..... |
| 218 | Ballast | .24 | ..... | ..... |
| 220 | Track Laying and Surfacing | 129.46 | ..... | ..... |
| 227 | Stations and Office Buildings | 2.66 | ..... | ..... |
| 231 | Water Stations | 1.05 | ..... | ..... |
| 233 | Fuel Stations | .91 | ..... | ..... |
| 235 | Shops and Engine Houses | 30.91 | ..... | ..... |
| 274 | Injuries to Persons | 12.30 | ..... | ..... |
| 275 | Insurance | .56 | ..... | ..... |
| 276 | Stationery and Printing | .71 | ..... | ..... |
| 277 | Other Expenses | .01 | ..... | ..... |
| | Total | 615.66 | .... | 1.09 |
| | Maintenance of Equipment | | | |
| 301 | Superintendence | 22.59 | ..... | ..... |
| 302 | Shop Machinery | 7.21 | ..... | ..... |
| 308 | Steam Locomotives—Repairs | 541.29 | ..... | ..... |
| 309 | Steam Locomotives—Depreciation | 243.91 | ..... | ..... |
| 310 | Steam Locomotives—Retirements | 5.22 | ..... | ..... |
| 332 | Injuries to Persons | 9.29 | ..... | ..... |
| 333 | Insurance | .13 | ..... | ..... |
| 334 | Stationery and Printing | .31 | ..... | ..... |
| 335 | Other Expenses | ..... | ..... | ..... |
| | Total | 829.95 | ..... | 1.47 |
| [fol. 720] | Transportation | | | |
| 371 | Superintendence | $139.62 | ..... | ..... |
| 377 | Yardmasters and Yard Clerks | 935.41 | ..... | ..... |
| 378 | Yard Conductors and Brakemen | 1,413.50 | ..... | ..... |
| 379 | Yard Switch and Signal Tenders | 93.90 | ..... | ..... |
| 380 | Yard Enginemen | 945.43 | ..... | ..... |
| 382 | Fuel for Yard Locomotives | 400.91 | ..... | ..... |
| 385 | Water for Yard Locomotives | 11.74 | ..... | ..... |
| 386 | Lubricants for Yard Locomotives | 9.09 | ..... | ..... |
| 387 | Other Supplies for Yard Locomotives | 9.35 | ..... | ..... |
| 388 | Enginehouse Expenses Yard | 288.57 | ..... | ..... |
| 389 | Yard Supplies and Expenses | 40.74 | ..... | ..... |
| 410 | Stationery and Printing | 18.58 | ..... | ..... |
| 411 | Other Expenses | 4.13 | ..... | ..... |
| 414 | Insurance | 1.54 | ..... | ..... |
| | Total | 4,312.51 | ..... | 7.64 |

Northern Pacific Railway Company

Terminal Cost Study

Statement of Net Engine Hour Costs

Station Spokane, Wash., from June 3, 1934 to June 9, 1934—Continued

| Acct. No. | Description | Expense for test period | Net engine hours | Cost per engine hour |
|---|---|---|---|---|
| | General | | | |
| 451 | Salaries and Expenses of General Officers | 64.12 | ..... | ..... |
| 452 | Salaries and Expenses of Clerks and Attendants | 238.83 | ..... | ..... |
| 453 | General Office Supplies and Expenses | 15.08 | ..... | ..... |
| 454 | Law Expenses | 31.94 | ..... | ..... |
| 455 | Insurance | .60 | ..... | ..... |
| 458 | Stationery and Printing | 11.61 | ..... | ..... |
| 460 | Other Expenses | 14.22 | ..... | ..... |
| | Total | 376.40 | ..... | .67 |
| | Summary | | | |
| | M. of W. & S. | 615.66 | ..... | 1.09 |
| | M. of E. | 829.95 | ..... | 1.47 |
| | Transportation | 4,312.51 | ..... | 7.64 |
| | General | 376.40 | ..... | .67 |
| | Grand Total | 6,134.52 | 564.37 | 10.87 |

[fol. 721] Northern Pacific Railway Company

Terminal Cost Study

Statement of Net Engine Hour Costs

Station Pasco, Wash., from June 3, 1934 to June 9, 1934

| Acct. No. | Description | Expense for test period | Net engine hours | Cost per engine hour |
|---|---|---|---|---|
| | Maintenance of Way and Structures | | | |
| 201 | Superintendence | $46.62 | 260.65 | ..... |
| 202 | Roadway Maintenance | 55.62 | ..... | ..... |
| 203 | Bridges, Trestles and Culverts | ..... | ..... | ..... |
| 212 | Ties | 75.41 | ..... | ..... |
| 214 | Rails | 12.32 | ..... | ..... |
| 216 | Other Track Material | 26.03 | ..... | ..... |
| 218 | Ballast | .06 | ..... | ..... |
| 220 | Track Laying and Surfacing | 89.35 | ..... | ..... |
| 227 | Stations and Office Buildings | .97 | ..... | ..... |
| 231 | Water Stations | 2.33 | ..... | ..... |
| 233 | Fuel Stations | 1.24 | ..... | ..... |
| 235 | Shops and Engine Houses | 10.44 | ..... | ..... |
| 274 | Injuries to Persons | 6.55 | ..... | ..... |
| 275 | Insurance | .30 | ..... | ..... |
| 276 | Stationery and Printing | .38 | ..... | ..... |
| 277 | Other Expenses | ..... | ..... | ..... |
| | Total | 327.62 | ..... | 1.26 |

Northern Pacific Railway Company

Terminal Cost Study

Statement of Net Engine Hour Costs

Station Pasco, Wash., from June 3, 1934 to June 9, 1934—Continued

| Acct. No. | Description | Expense for test period | Net engine hours | Cost per engine hour |
|---|---|---|---|---|
| | Maintenance of Equipment | | | |
| 301 | Superintendence | 10.86 | ..... | ..... |
| 302 | Shop Machinery | 3.46 | ..... | ..... |
| 308 | Steam Locomotives—Repairs | 260.10 | ..... | ..... |
| 309 | Steam Locomotives—Depreciation | 117.21 | ..... | ..... |
| 310 | Steam Locomotives—Retirements | 2.50 | ..... | ..... |
| 332 | Injuries to Persons | 4.46 | ..... | ..... |
| 333 | Insurance | .06 | ..... | ..... |
| 334 | Stationery and Printing | .15 | ..... | ..... |
| 335 | Other Expenses | ..... | ..... | ..... |
| | Total | 398.80 | ..... | 1.53 |

[fol. 722] Form CS–C2

| | | | | |
|---|---|---|---|---|
| | Transportation | | | |
| 371 | Superintendence | 74.45 | ..... | ..... |
| 377 | Yardmasters and Yard Clerks | 555.59 | ..... | ..... |
| 378 | Yard Conductors and Brakemen | 710.15 | ..... | ..... |
| 379 | Yard Switch and Signal Tenders | 15.34 | ..... | ..... |
| 380 | Yard Enginemen | 489.44 | ..... | ..... |
| 382 | Fuel for Yard Locomotives | 269.88 | ..... | ..... |
| 385 | Water for Yard Locomotives | 7.00 | ..... | ..... |
| 386 | Lubricants for Yard Locomotives | 4.51 | ..... | ..... |
| 387 | Other Supplies for Yard Locomotives | 3.09 | ..... | ..... |
| 388 | Enginehouse Expenses Yard | 118.59 | ..... | ..... |
| 389 | Yard Supplies and Expenses | 38.66 | ..... | ..... |
| 410 | Stationery and Printing | 9.91 | ..... | ..... |
| 411 | Other Expenses | 2.20 | ..... | ..... |
| 414 | Insurance | .82 | ..... | ..... |
| | Total | 2,299.63 | ..... | 8.82 |
| | General | | | |
| 451 | Salaries and Expenses of General Officers | 33.70 | ..... | ..... |
| 452 | Salaries and Expenses of Clerks and Attendants | 125.51 | ..... | ..... |
| 453 | General Office Supplies and Expenses | 7.92 | ..... | ..... |
| 454 | Law Expenses | 16.78 | ..... | ..... |
| 455 | Insurance | .31 | ..... | ..... |
| 458 | Stationery and Printing | 6.10 | ..... | ..... |
| 460 | Other Expenses | 7.47 | ..... | ..... |
| | Total | 197.79 | ..... | .76 |
| | Summary | | | |
| | M. of W. & S. | 327.62 | ..... | 1.26 |
| | M. of E. | 398.80 | ..... | 1.53 |
| | Transportation | 2,299.63 | ..... | 8.82 |
| | General | 197.79 | ..... | .76 |
| | Grand Total | 3,223.84 | 260.65 | 12.37 |

[fol. 723] Northern Pacific Railway Company

Terminal Cost Study

Statement of Net Engine Hour Costs

Station Yakima, Wash., from June 3, 1934, to June 9, 1934

| Acct. No. | Description | Expense for test period | Net engine hours | Cost per engine hour |
|---|---|---|---|---|
| | **Maintenance of Way and Structures** | | | |
| 201 | Superintendence | 27.45 | 260.93 | ..... |
| 202 | Roadway Maintenance | 30.56 | ..... | ..... |
| 203 | Bridges, Trestles and Culverts | 6.46 | ..... | ..... |
| 212 | Ties | 26.71 | ..... | ..... |
| 214 | Rails | 46.46 | ..... | ..... |
| 216 | Other Track Material | 71.19 | ..... | ..... |
| 218 | Ballast | Cr. 15.53 | ..... | ..... |
| 220 | Track Laying and Surfacing | 25.84 | ..... | ..... |
| 227 | Stations and Office Buildings | .37 | ..... | ..... |
| 231 | Water Stations | .61 | ..... | ..... |
| 233 | Fuel Stations | .42 | ..... | ..... |
| 235 | Shops and Engine Houses | 4.86 | ..... | ..... |
| 274 | Injuries to Persons | 3.95 | ..... | ..... |
| 275 | Insurance | 1.06 | ..... | ..... |
| 276 | Stationery and Printing | .51 | ..... | ..... |
| 277 | Other Expenses | ..... | ..... | ..... |
| | Total | 230.92 | ..... | .88 |
| | **Maintenance of Equipment** | | | |
| 301 | Superintendence | 11.84 | ..... | ..... |
| 302 | Shop Machinery | 3.15 | ..... | ..... |
| 308 | Steam Locomotives—Repairs | 249.15 | ..... | ..... |
| 309 | Steam Locomotives—Depreciation | 92.25 | ..... | ..... |
| 310 | Steam Locomotives—Retirements | 1.93 | ..... | ..... |
| 332 | Injuries to Persons | 1.15 | ..... | ..... |
| 333 | Insurance | .36 | ..... | ..... |
| 334 | Stationery and Printing | .12 | ..... | ..... |
| 335 | Other Expenses | ..... | ..... | ..... |
| | Total | 359.95 | ..... | 1.38 |
| [fol. 724] | **Transportation** | | | |
| 371 | Superintendence | $58.19 | ..... | ..... |
| 377 | Yardmasters and Yard Clerks | 542.09 | ..... | ..... |
| 378 | Yard Conductors and Brakemen | 703.29 | ..... | ..... |
| 379 | Yard Switch and Signal Tenders | 12.70 | ..... | ..... |
| 380 | Yard Enginemen | 454.39 | ..... | ..... |
| 382 | Fuel for Yard Locomotives | 239.21 | ..... | ..... |
| 385 | Water for Yard Locomotives | 6.13 | ..... | ..... |
| 386 | Lubricants for Yard Locomotives | 2.47 | ..... | ..... |
| 387 | Other Supplies for Yard Locomotives | 5.57 | ..... | ..... |
| 388 | Enginehouse Expenses Yard | 98.70 | ..... | ..... |
| 389 | Yard Supplies and Expenses | 19.53 | ..... | ..... |
| 410 | Stationery and Printing | 8.23 | ..... | ..... |
| 411 | Other Expenses | 3.67 | ..... | ..... |
| 414 | Insurance | .57 | ..... | ..... |
| | Total | 2,154.74 | ..... | 8.26 |

Northern Pacific Railway Company

Terminal Cost Study

Statement of Net Engine Hour Costs

Station Yakima, Wash., from June 3, 1934 to June 9, 1934—Continued

| Acct. No. | Description | Expense for test period | Net engine hours | Cost per engine hour |
|---|---|---|---|---|
| | General | | | |
| 451 | Salaries and Expenses of General Officers | 23.34 | ..... | ..... |
| 452 | Salaries and Expenses of Clerks and Attendants | 87.74 | ..... | ..... |
| 453 | General Office Supplies and Expenses | 5.52 | ..... | ..... |
| 454 | Law Expenses | 11.66 | ..... | ..... |
| 455 | Insurance | .21 | ..... | ..... |
| 458 | Stationery and Printing | 4.24 | ..... | ..... |
| 460 | Other Expenses | 5.09 | ..... | ..... |
| | Total | 137.80 | ..... | .53 |
| | Summary | | | |
| | M. of W. & S. | 230.92 | ..... | .88 |
| | M. of E. | 359.95 | ..... | 1.38 |
| | Transportation | 2,154.74 | ..... | 8.26 |
| | General | 137.80 | ..... | .53 |
| | Grand Total | 2,883.41 | 260.93 | 11.05 |

[fol. 725] Northern Pacific Railway Company

Terminal Cost Study

Statement of Net Engine Hour Costs

Station Everett, Wash., from June 3, 1934, to June 9, 1934

| Acct. No. | Description | Expense for test period | Net engine hours | Cost per engine hour |
|---|---|---|---|---|
| | Maintenance of Way and Structures | | | |
| 201 | Superintendence | $9.79 | 89.74 | ..... |
| 202 | Roadway Maintenance | 7.25 | ..... | ..... |
| 203 | Bridges, Trestles and Culverts | 2.97 | ..... | ..... |
| 212 | Ties | 19.12 | ..... | ..... |
| 214 | Rails | 1.46 | ..... | ..... |
| 216 | Other Track Material | 8.64 | ..... | ..... |
| 218 | Ballast | ..... | ..... | ..... |
| 220 | Track Laying and Surfacing | 29.24 | ..... | ..... |
| 227 | Stations and Office Buildings | ..... | ..... | ..... |
| 231 | Water Stations | .19 | ..... | ..... |
| 233 | Fuel Stations | ..... | ..... | ..... |
| 235 | Shops and Engine Houses | 1.75 | ..... | ..... |
| 274 | Injuries to Persons | 1.41 | ..... | ..... |
| 275 | Insurance | .38 | ..... | ..... |
| 276 | Stationery and Printing | .18 | ..... | ..... |
| 277 | Other Expenses | ..... | ..... | ..... |
| | Total | 82.38 | ..... | .92 |

Northern Pacific Railway Company

Terminal Cost Study

Statement of Net Engine Hour Costs

Station Everett, Wash., from June 3, 1934 to June 9, 1934—Continued

| Acct. No. | Description | Expense for test period | Net engine hours | Cost per engine hour |
|---|---|---|---|---|
| | **Maintenance of Equipment** | | | |
| 301 | Superintendence | 4.03 | ..... | ..... |
| 302 | Shop Machinery | 1.07 | ..... | ..... |
| 308 | Steam Locomotives—Repairs | 84.80 | ..... | ..... |
| 309 | Steam Locomotives—Depreciation | 31.40 | ..... | ..... |
| 310 | Steam Locomotives—Retirements | .66 | ..... | ..... |
| 332 | Injuries to Persons | .39 | ..... | ..... |
| 333 | Insurance | .12 | ..... | ..... |
| 334 | Stationery and Printing | .04 | ..... | ..... |
| 335 | Other Expenses | ..... | ..... | ..... |
| | Total | 122.51 | ..... | 1.37 |
| [fol. 726] | **Transportation** | | | |
| 371 | Superintendence | 17.21 | ..... | ..... |
| 377 | Yardmasters and Yard Clerks | 87.85 | ..... | ..... |
| 378 | Yard Conductors and Brakemen | 229.87 | ..... | ..... |
| 379 | Yard Switch and Signal Tenders | 1.82 | ..... | ..... |
| 380 | Yard Enginemen | 156.00 | ..... | ..... |
| 382 | Fuel for Yard Locomotives | 106.47 | ..... | ..... |
| 385 | Water for Yard Locomotives | 3.01 | ..... | ..... |
| 386 | Lubricants for Yard Locomotives | 1.81 | ..... | ..... |
| 387 | Other Supplies for Yard Locomotives | 1.77 | ..... | ..... |
| 388 | Enginehouse Expenses Yard | 23.98 | ..... | ..... |
| 389 | Yard Supplies and Expenses | 3.82 | ..... | ..... |
| 410 | Stationery and Printing | 2.43 | ..... | ..... |
| 411 | Other Expenses | 1.09 | ..... | ..... |
| 414 | Insurance | .17 | ..... | ..... |
| | Total | 637.30 | ..... | 7.10 |
| | **General** | | | |
| 451 | Salaries and Expenses of General Officers | 7.16 | ..... | ..... |
| 452 | Salaries and Expenses of Clerks and Attendants | 26.91 | ..... | ..... |
| 453 | General Office Supplies and Expenses | 1.69 | ..... | ..... |
| 454 | Law Expenses | 3.58 | ..... | ..... |
| 455 | Insurance | .07 | ..... | ..... |
| 458 | Stationery and Printing | 1.30 | ..... | ..... |
| 460 | Other Expenses | 1.56 | ..... | ..... |
| | Total | 42.27 | ..... | .47 |
| | **Summary** | | | |
| | M. of W. & S. | 82.38 | ..... | .92 |
| | M. of E. | 122.51 | ..... | 1.37 |
| | Transportation | 637.30 | ..... | 7.10 |
| | General | 42.27 | ..... | .47 |
| | Grand Total | 884.46 | 89.74 | 9.86 |

[fol. 727]

Northern Pacific Railway Company

Terminal Cost Study

Statement of Net Engine Hour Costs

Station Seattle, Wash., from June 3, 1934 to June 9, 1934

| Acct. No. | Description | Expense for test period | Net engine hours | Cost per engine hour |
|---|---|---|---|---|
| | **Maintenance of Way and Structures** | | | |
| 201 | Superintendence | $185.51 | 756.15 | ..... |
| 202 | Roadway Maintenance | 105.03 | ..... | ..... |
| 203 | Bridges, Trestles and Culverts | 704.62 | ..... | ..... |
| 212 | Ties | 198.46 | ..... | ..... |
| 214 | Rails | 19.36 | ..... | ..... |
| 216 | Other Track Material | 86.60 | ..... | ..... |
| 218 | Ballast | 1.15 | ..... | ..... |
| 220 | Track Laying and Surfacing | 183.21 | ..... | ..... |
| 227 | Stations and Office Buildings | 8.19 | ..... | ..... |
| 231 | Water Stations | 2.41 | ..... | ..... |
| 233 | Fuel Stations | 6.69 | ..... | ..... |
| 235 | Shops and Engine Houses | 21.87 | ..... | ..... |
| 274 | Injuries to Persons | 26.72 | ..... | ..... |
| 275 | Insurance | 7.18 | ..... | ..... |
| 276 | Stationery and Printing | 3.46 | ..... | ..... |
| 277 | Other Expenses | .02 | ..... | ..... |
| | Total | 1,560.48 | ..... | 2.06 |
| | **Maintenance of Equipment** | | | |
| 301 | Superintendence | 35.68 | ..... | ..... |
| 302 | Shop Machinery | 9.49 | ..... | ..... |
| 308 | Steam Locomotives—Repairs | 750.89 | ..... | ..... |
| 309 | Steam Locomotives—Depreciation | 278.02 | ..... | ..... |
| 310 | Steam Locomotives—Retirements | 5.83 | ..... | ..... |
| 332 | Injuries to Persons | 3.46 | ..... | ..... |
| 333 | Insurance | 1.07 | ..... | ..... |
| 334 | Stationery and Printing | .37 | ..... | ..... |
| 335 | Other Expenses | ..... | ..... | ..... |
| | Total | 1,084.81 | ..... | 1.43 |

[fol. 728]

| | | | | |
|---|---|---|---|---|
| | **Transportation** | | | |
| 371 | Superintendence | 174.98 | ..... | ..... |
| 377 | Yardmasters and Yard Clerks | 1,158.44 | ..... | ..... |
| 378 | Yard Conductors and Brakemen | 2,018.95 | ..... | ..... |
| 379 | Yard Switch and Signal Tenders | 267.44 | ..... | ..... |
| 380 | Yard Enginemen | 1,438.31 | ..... | ..... |
| 382 | Fuel for Yard Locomotives | 834.97 | ..... | ..... |
| 385 | Water for Yard Locomotives | 21.17 | ..... | ..... |
| 386 | Lubricants for Yard Locomotives | 14.56 | ..... | ..... |
| 387 | Other Supplies for Yard Locomotives | 12.88 | ..... | ..... |
| 388 | Enginehouse Expenses Yard | 425.50 | ..... | ..... |
| 389 | Yard Supplies and Expenses | 74.76 | ..... | ..... |
| 410 | Stationery and Printing | 24.73 | ..... | ..... |
| 411 | Other Expenses | 11.05 | ..... | ..... |
| 414 | Insurance | 1.73 | ..... | ..... |
| | Total | 6,479.47 | ..... | 8.57 |

Northern Pacific Railway Company

Terminal Cost Study

Statement of Net Engine Hour Costs

Station Seattle, Wash., from June 3, 1934 to June 9, 1934—Continued

| Acct. No. | Description | Expense for test period | Net engine hours | Cost per engine hour |
|---|---|---|---|---|
| | General | | | |
| 451 | Salaries and Expenses of General Officers | 77.58 | ..... | ..... |
| 452 | Salaries and Expenses of Clerks and Attendant | 291.59 | ..... | ..... |
| 453 | General Office Supplies and Expenses | 18.35 | ..... | ..... |
| 454 | Law Expenses | 38.76 | ..... | ..... |
| 455 | Insurance | .71 | ..... | ..... |
| 458 | Stationery and Printing | 14.10 | ..... | ..... |
| 460 | Other Expenses | 16.92 | ..... | ..... |
| | Total | 458.01 | ..... | .61 |
| | Summary | | | |
| | M. of W. & S. | 1,560.48 | ..... | 2.06 |
| | M. of E. | 1,084.81 | ..... | 1.43 |
| | Transportation | 6,479.47 | ..... | 8.57 |
| | General | 458.01 | ..... | .61 |
| | Grand Total | 9,582.77 | 756.15 | 12.67 |

[fol. 729]

Northern Pacific Railway Company

Terminal Cost Study

Statement of Net Engine Hour Costs

Station Auburn, Wash., from June 3, 1934 to June 9, 1934

| Acct. No. | Description | Expense for test period | Net engine hours | Cost per engine hour |
|---|---|---|---|---|
| | Maintenance of Way and Structures | | | |
| 201 | Superintendence | $38.86 | 325.74 | ..... |
| 202 | Roadway Maintenance | 24.92 | ..... | ..... |
| 203 | Bridges, Trestles and Culverts | 4.52 | ..... | ..... |
| 212 | Ties | 94.47 | ..... | ..... |
| 214 | Rails | 3.73 | ..... | ..... |
| 216 | Other Track Material | 33.22 | ..... | ..... |
| 218 | Ballast | .09 | ..... | ..... |
| 220 | Track Laying and Surfacing | 79.42 | ..... | ..... |
| 227 | Stations and Office Buildings | 7.93 | ..... | ..... |
| 231 | Water Stations | .83 | ..... | ..... |
| 233 | Fuel Stations | 3.15 | ..... | ..... |
| 235 | Shops and Engine Houses | 27.95 | ..... | ..... |
| 274 | Injuries to Persons | 5.60 | ..... | ..... |
| 275 | Insurance | 1.51 | ..... | ..... |
| 276 | Stationery and Printing | .72 | ..... | ..... |
| 277 | Other Expenses | ..... | ..... | ..... |
| | Total | 326.92 | ..... | 1.00 |

Northern Pacific Railway Company

Terminal Cost Study

Statement of Net Engine Hour Costs

Station Auburn, Wash., from June 3, 1934 to June 9, 1934—Continued

| Acct. No. | Description | Expense for test period | Net engine hours | Cost per engine hour |
|---|---|---|---|---|
| | **Maintenance of Equipment** | | | |
| 301 | Superintendence | 16.31 | ..... | ..... |
| 302 | Shop Machinery | 4.34 | ..... | ..... |
| 308 | Steam Locomotives—Repairs | 343.33 | ..... | ..... |
| 309 | Steam Locomotives—Depreciation | 127.12 | ..... | ..... |
| 310 | Steam Locomotives—Retirements | 2.67 | ..... | ..... |
| 332 | Injuries to Persons | 1.58 | ..... | ..... |
| 333 | Insurance | .49 | ..... | ..... |
| 334 | Stationery and Printing | .17 | ..... | ..... |
| 335 | Other Expenses | ..... | ..... | ..... |
| | Total | 496.01 | ..... | 1.52 |
| [fol. 730] | **Transportation** | | | |
| 371 | Superintendence | 79.50 | ..... | ..... |
| 377 | Yardmasters and Yard Clerks | 818.05 | ..... | ..... |
| 378 | Yard Conductors and Brakemen | 811.67 | ..... | ..... |
| 379 | Yard Switch and Signal Tenders | 62.57 | ..... | ..... |
| 380 | Yard Enginemen | 559.26 | ..... | ..... |
| 382 | Fuel for Yard Locomotives | 382.40 | ..... | ..... |
| 385 | Water for Yard Locomotives | 7.79 | ..... | ..... |
| 386 | Lubricants for Yard Locomotives | 8.89 | ..... | ..... |
| 387 | Other Supplies for Yard Locomotives | 5.72 | ..... | ..... |
| 388 | Enginehouse Expenses Yard | 173.50 | ..... | ..... |
| 389 | Yard Supplies and Expenses | 17.53 | ..... | ..... |
| 410 | Stationery and Printing | 11.24 | ..... | ..... |
| 411 | Other Expenses | 5.02 | ..... | ..... |
| 414 | Insurance | .79 | ..... | ..... |
| | Total | 2,943.93 | ..... | 9.04 |
| | **General** | | | |
| 451 | Salaries and Expenses of General Officers | 32.03 | ..... | ..... |
| 452 | Salaries and Expenses of Clerks and Attendant | 120.37 | ..... | ..... |
| 453 | General Office Supplies and Expenses | 7.58 | ..... | ..... |
| 454 | Law Expenses | 16.00 | ..... | ..... |
| 455 | Insurance | .29 | ..... | ..... |
| 458 | Stationery and Printing | 5.82 | ..... | ..... |
| 460 | Other Expenses | 6.98 | ..... | ..... |
| | Total | 189.07 | ..... | .58 |
| | **Summary** | | | |
| | M. of W. & S. | 326.92 | ..... | 1.00 |
| | M. of E. | 496.01 | ..... | 1.52 |
| | Transportation | 2,943.93 | ..... | 9.04 |
| | General | 189.07 | ..... | .58 |
| | Grand Total | 3,955.93 | 325.74 | 12.14 |

[fol. 731]

Northern Pacific Railway Company

Terminal Cost Study

Statement of Net Engine Hour Costs

Station Tacoma, Wash., from June 3, 1934 to June 9, 1934

| Acct. No. | Description | Expense for test period | Net engine hours | Cost per engine hour |
|---|---|---|---|---|
| | Maintenance of Way and Structures | | | |
| 201 | Superintendence | $101.89 | 589.51 | ..... |
| 202 | Roadway Maintenance | 96.19 | ..... | ..... |
| 203 | Bridges, Trestles and Culverts | 61.17 | ..... | ..... |
| 212 | Ties | 288.18 | ..... | ..... |
| 214 | Rails | 12.06 | ..... | ..... |
| 216 | Other Track Material | 63.69 | ..... | ..... |
| 218 | Ballast | .55 | ..... | ..... |
| 220 | Track Laying and Surfacing | 191.97 | ..... | ..... |
| 227 | Stations and Office Buildings | 2.61 | ..... | ..... |
| 231 | Water Stations | .51 | ..... | ..... |
| 233 | Fuel Stations | 3.23 | ..... | ..... |
| 235 | Shops and Engine Houses | 14.51 | ..... | ..... |
| 274 | Injuries to Persons | 14.68 | ..... | ..... |
| 275 | Insurance | 3.95 | ..... | ..... |
| 276 | Stationery and Printing | 1.90 | ..... | ..... |
| 277 | Other Expenses | .01 | ..... | ..... |
| | Total | 857.10 | ..... | 1.45 |
| | Maintenance of Equipment | | | |
| 301 | Superintendence | 27.18 | ..... | ..... |
| 302 | Shop Machinery | 7.23 | ..... | ..... |
| 308 | Steam Locomotives—Repairs | 572.05 | ..... | ..... |
| 309 | Steam Locomotives—Depreciation | 211.80 | ..... | ..... |
| 310 | Steam Locomotives—Retirements | 4.44 | ..... | ..... |
| 332 | Injuries to Persons | 2.63 | ..... | ..... |
| 333 | Insurance | .82 | ..... | ..... |
| 334 | Stationery and Printing | .28 | ..... | ..... |
| 335 | Other Expenses | ..... | ..... | ..... |
| | Total | 826.43 | ..... | 1.40 |

[fol. 732]

| | | | | |
|---|---|---|---|---|
| | Transportation | | | |
| 371 | Superintendence | $135.44 | ..... | ..... |
| 377 | Yardmasters and Yard Clerks | 951.14 | ..... | ..... |
| 378 | Yard Conductors and Brakemen | 1,510.66 | ..... | ..... |
| 379 | Yard Switch and Signal Tenders | 417.68 | ..... | ..... |
| 380 | Yard Enginemen | 1,053.86 | ..... | ..... |
| 382 | Fuel for Yard Locomotives | 639.91 | ..... | ..... |
| 385 | Water for Yard Locomotives | 15.78 | ..... | ..... |
| 386 | Lubricants for Yard Locomotives | 11.52 | ..... | ..... |
| 387 | Other Supplies for Yard Locomotives | 10.16 | ..... | ..... |
| 388 | Enginehouse Expenses Yard | 200.63 | ..... | ..... |
| 389 | Yard Supplies and Expenses | 39.50 | ..... | ..... |
| 410 | Stationery and Printing | 19.15 | ..... | ..... |
| 411 | Other Expenses | 8.55 | ..... | ..... |
| 414 | Insurance | 1.34 | ..... | ..... |
| | Total | 5,015.32 | ..... | 8.51 |

Northern Pacific Railway Company

Terminal Cost Study

Statement of Net Engine Hour Costs

Station Tacoma, Wash., from June 3, 1934 to June 9, 1934—Continued

| Acct. No. | Description | Expense for test period | Net engine hours | Cost per engine hour |
|---|---|---|---|---|
| | General | | | |
| 451 | Salaries and Expenses of General Officers | 56.96 | ..... | ..... |
| 452 | Salaries and Expenses of Clerks and Attendants | 214.07 | ..... | ..... |
| 453 | General Office Supplies and Expenses | 13.47 | ..... | ..... |
| 454 | Law Expenses | 28.45 | ..... | ..... |
| 455 | Insurance | .52 | ..... | ..... |
| 458 | Stationery and Printing | 10.35 | ..... | ..... |
| 460 | Other Expenses | 12.42 | ..... | ..... |
| | Total | 336.24 | ..... | .57 |
| | Summary | | | |
| | M. of W. & S. | 857.10 | ..... | 1.45 |
| | M. of E. | 826.43 | ..... | 1.40 |
| | Transportation | 5,015.32 | ..... | 8.51 |
| | General | 336.24 | ..... | .57 |
| | Grand Total | 7,035.09 | 589.51 | 11.93 |

[fol. 733] Northern Pacific Railway Company

Terminal Cost Study

Statement of Net Engine Hour Costs

Station Centralia, Wash., from June 3, 1934 to June 9, 1934

| Acct. No. | Description | Expense for test period | Net engine hours | Cost per engine hour |
|---|---|---|---|---|
| | Maintenance of Way and Structures | | | |
| 201 | Superintendence | 20.68 | 80.58 | ..... |
| 202 | Roadway Maintenance | 11.60 | ..... | ..... |
| 203 | Bridges, Trestles and Culverts | .95 | ..... | ..... |
| 212 | Ties | 50.86 | ..... | ..... |
| 214 | Rails | 1.47 | ..... | ..... |
| 216 | Other Track Material | 12.56 | ..... | ..... |
| 218 | Ballast | | | |
| 220 | Track Laying and Surfacing | 30.34 | ..... | ..... |
| 227 | Stations and Office Buildings | .08 | ..... | ..... |
| 231 | Water Stations | 6.03 | ..... | ..... |
| 233 | Fuel Stations | 11.07 | ..... | ..... |
| 235 | Shops and Engine Houses | 24.16 | ..... | ..... |
| 274 | Injuries to Persons | 2.98 | ..... | ..... |
| 275 | Insurance | .80 | ..... | ..... |
| 276 | Stationery and Printing | .39 | ..... | ..... |
| 277 | Other Expenses | ..... | ..... | ..... |
| | Total | 173.97 | ..... | 2.16 |

Northern Pacific Railway Company

Terminal Cost Study

Statement of Net Engine Hour Costs

Station Centralia, Wash., from June 3, 1934 to June 9, 1934—Continued

| Acct. No. | Description | Expense for test period | Net engine hours | Cost per engine hour |
|---|---|---|---|---|
| | **Maintenance of Equipment** | | | |
| 301 | Superintendence | 4.03 | ..... | ..... |
| 302 | Shop Machinery | 1.07 | ..... | ..... |
| 308 | Steam Locomotives—Repairs | 84.80 | ..... | ..... |
| 309 | Steam Locomotives—Depreciation | 31.40 | ..... | ..... |
| 310 | Steam Locomotives—Retirements | .66 | ..... | ..... |
| 332 | Injuries to Persons | .39 | ..... | ..... |
| 333 | Insurance | .12 | ..... | ..... |
| 334 | Stationery and Printing | .04 | ..... | ..... |
| 335 | Other Expenses | ..... | ..... | ..... |
| | Total | 122.51 | ..... | 1.52 |
| [fol. 734] | **Transportation** | | | |
| 371 | Superintendence | $19.20 | ..... | ..... |
| 377 | Yardmasters and Yard Clerks | 146.80 | ..... | ..... |
| 378 | Yard Conductors and Brakemen | 229.57 | ..... | ..... |
| 379 | Yard Switch and Signal Tenders | 8.37 | ..... | ..... |
| 380 | Yard Enginemen | 154.89 | ..... | ..... |
| 382 | Fuel for Yard Locomotives | 96.76 | ..... | ..... |
| 385 | Water for Yard Locomotives | 2.43 | ..... | ..... |
| 386 | Lubricants for Yard Locomotives | 1.63 | ..... | ..... |
| 387 | Other Supplies for Yard Locomotives | 1.46 | ..... | ..... |
| 388 | Enginehouse Expenses Yard | 39.02 | ..... | ..... |
| 389 | Yard Supplies and Expenses | 6.87 | ..... | ..... |
| 410 | Stationery and Printing | 2.71 | ..... | ..... |
| 411 | Other Expenses | 1.21 | ..... | ..... |
| 414 | Insurance | .19 | ..... | ..... |
| | Total | 711.11 | ..... | 8.82 |
| | **General** | | | |
| 451 | Salaries and Expenses of General Officers | 8.57 | ..... | ..... |
| 452 | Salaries and Expenses of Clerks and Attendants | 32.20 | ..... | ..... |
| 453 | General Office Supplies and Expenses | 2.03 | ..... | ..... |
| 454 | Law Expenses | 4.28 | ..... | ..... |
| 455 | Insurance | .08 | ..... | ..... |
| 458 | Stationery and Printing | 1.56 | ..... | ..... |
| 460 | Other Expenses | 1.87 | ..... | ..... |
| | Total | 50.59 | ..... | .63 |
| | **Summary** | | | |
| | M. of W. & S. | 173.97 | ..... | 2.16 |
| | M. of E. | 122.51 | ..... | 1.52 |
| | Transportation | 711.11 | ..... | 8.82 |
| | General | 50.59 | ..... | .63 |
| | Grand Total | 1,058.18 | 80.58 | 13.13 |

[fol. 735] Northern Pacific Railway Company

Terminal Cost Study

Statement of Net Engine Hour Costs

Station Aberdeen, Wash., from June 3, 1934 to June 9, 1934

| Acct. No. | Description | Expense for test period | Net engine hours | Cost per engine hour |
|---|---|---|---|---|
| | Maintenance of Way and Structures | | | |
| 201 | Superintendence | $1.77 | 53.08 | ..... |
| 202 | Roadway Maintenance | 1.04 | ..... | ..... |
| 203 | Bridges, Trestles and Culverts | 1.53 | ..... | ..... |
| 212 | Ties | 6.12 | ..... | ..... |
| 214 | Rails | .18 | ..... | ..... |
| 216 | Other Track Material | .98 | ..... | ..... |
| 218 | Ballast | ..... | ..... | ..... |
| 220 | Track Laying and Surfacing | 2.14 | ..... | ..... |
| 227 | Stations and Office Buildings | .39 | ..... | ..... |
| 231 | Water Stations | .31 | ..... | ..... |
| 233 | Fuel Stations | .10 | ..... | ..... |
| 235 | Shops and Engine Houses | ..... | ..... | ..... |
| 274 | Injuries to Persons | .26 | ..... | ..... |
| 275 | Insurance | .07 | ..... | ..... |
| 276 | Stationery and Printing | .03 | ..... | ..... |
| 277 | Other Expenses | ..... | ..... | ..... |
| | Total | 14.92 | ..... | .28 |
| | Maintenance of Equipment | | | |
| 301 | Superintendence | 2.41 | ..... | ..... |
| 302 | Shop Machinery | .64 | ..... | ..... |
| 308 | Steam Locomotives—Repairs | 50.74 | ..... | ..... |
| 309 | Steam Locomotives—Depreciation | 18.79 | ..... | ..... |
| 310 | Steam Locomotives—Retirements | .39 | ..... | ..... |
| 332 | Injuries to Persons | .23 | ..... | ..... |
| 333 | Insurance | .07 | ..... | ..... |
| 334 | Stationery and Printing | .03 | ..... | ..... |
| 335 | Other Expenses | ..... | ..... | ..... |
| | Total | 73.30 | ..... | 1.38 |
| [fol. 736] | Transportation | | | |
| 371 | Superintendence | $9.25 | ..... | ..... |
| 377 | Yardmasters and Yard Clerks | ..... | ..... | ..... |
| 378 | Yard Conductors and Brakemen | 137.29 | ..... | ..... |
| 379 | Yard Switch and Signal Tenders | 1.07 | ..... | ..... |
| 380 | Yard Enginemen | 94.74 | ..... | ..... |
| 382 | Fuel for Yard Locomotives | 59.49 | ..... | ..... |
| 385 | Water for Yard Locomotives | 1.79 | ..... | ..... |
| 386 | Lubricants for Yard Locomotives | .81 | ..... | ..... |
| 387 | Other Supplies for Yard Locomotives | .89 | ..... | ..... |
| 388 | Enginehouse Expenses Yard | 30.89 | ..... | ..... |
| 389 | Yard Supplies and Expenses | 4.48 | ..... | ..... |
| 410 | Stationery and Printing | 1.31 | ..... | ..... |
| 411 | Other Expenses | .58 | ..... | ..... |
| 414 | Insurance | .09 | ..... | ..... |
| | Total | 342.68 | ..... | 6.46 |

Northern Pacific Railway Company

Terminal Cost Study

Statement of Net Engine Hour Costs

Station Aberdeen, Wash., from June 3, 1934 to June 9, 1934—Continued

| Acct. No. | Description | Expense for test period | Net engine hours | Cost per engine hour |
|---|---|---|---|---|
| | General | | | |
| 451 | Salaries and Expenses of General Officers | 3.66 | ..... | ..... |
| 452 | Salaries and Expenses of Clerks and Attendants | 13.77 | ..... | ..... |
| 453 | General Office Supplies and Expenses | .87 | ..... | ..... |
| 454 | Law Expenses | 1.83 | ..... | ..... |
| 455 | Insurance | .03 | ..... | ..... |
| 458 | Stationery and Printing | .67 | ..... | ..... |
| 460 | Other Expenses | .80 | ..... | ..... |
| | Total | 21.63 | ..... | .41 |
| | Summary | | | |
| | M. of W. & S. | 14.92 | ..... | .28 |
| | M. of E. | 73.30 | ..... | 1.38 |
| | Transportation | 342.68 | ..... | 6.46 |
| | General | 21.63 | ..... | .41 |
| | Grand Total | 452.53 | 53.08 | 8.53 |

[fol. 737]

Northern Pacific Railway Company

Terminal Cost Study

Statement of Net Engine Hour Costs

Station Hoquiam, Wash., from June 3, 1934 to June 9, 1934

| Acct. No. | Description | Expense for test period | Net engine hours | Cost per engine hour |
|---|---|---|---|---|
| | Maintenance of Way and Structures | | | |
| 201 | Superintendence | $15.03 | 48.59 | ..... |
| 202 | Roadway Maintenance | 7.84 | ..... | ..... |
| 203 | Bridges, Trestles and Culverts | 35.95 | ..... | ..... |
| 212 | Ties | 31.47 | ..... | ..... |
| 214 | Rails | .69 | ..... | ..... |
| 216 | Other Track Material | 3.57 | ..... | ..... |
| 218 | Ballast | .15 | ..... | ..... |
| 220 | Track Laying and Surfacing | 24.94 | ..... | ..... |
| 227 | Stations and Office Buildings | .06 | ..... | ..... |
| 231 | Water Stations | .10 | ..... | ..... |
| 233 | Fuel Stations | .04 | ..... | ..... |
| 235 | Shops and Engine Houses | 3.54 | ..... | ..... |
| 274 | Injuries to Persons | 2.16 | ..... | ..... |
| 275 | Insurance | .58 | ..... | ..... |
| 276 | Stationery and Printing | .28 | ..... | ..... |
| 277 | Other Expenses | ..... | ..... | ..... |
| | Total | 126.40 | ..... | 2.60 |

Northern Pacific Railway Company

Terminal Cost Study

Statement of Net Engine Hour Costs

Station Hoquiam, Wash., from June 3, 1934 to June 9, 1934—Continued

| Acct. No. | Description | Expense for test period | Net engine hours | Cost per engine hour |
|---|---|---|---|---|
| | Maintenance of Equipment | | | |
| 301 | Superintendence | 2.07 | ..... | ..... |
| 302 | Shop Machinery | .55 | ..... | ..... |
| 308 | Steam Locomotives—Repairs | 43.47 | ..... | ..... |
| 309 | Steam Locomotives—Depreciation | 16.09 | ..... | ..... |
| 310 | Steam Locomotives—Retirements | .34 | ..... | ..... |
| 332 | Injuries to Persons | .20 | ..... | ..... |
| 333 | Insurance | .06 | ..... | ..... |
| 334 | Stationery and Printing | .02 | ..... | ..... |
| 335 | Other Expenses | ..... | ..... | ..... |
| | Total | 62.80 | ..... | 1.29 |
| [fol. 738] | | | | |
| | Transportation | | | |
| 371 | Superintendence | $8.72 | ..... | ..... |
| 377 | Yardmasters and Yard Clerks | 34.06 | ..... | ..... |
| 378 | Yard Conductors and Brakemen | 119.48 | ..... | ..... |
| 379 | Yard Switch and Signal Tenders | 1.48 | ..... | ..... |
| 380 | Yard Enginemen | 82.97 | ..... | ..... |
| 382 | Fuel for Yard Locomotives | 52.49 | ..... | ..... |
| 385 | Water for Yard Locomotives | 1.79 | ..... | ..... |
| 386 | Lubricants for Yard Locomotives | .88 | ..... | ..... |
| 387 | Other Supplies for Yard Locomotives | .65 | ..... | ..... |
| 388 | Enginehouse Expenses Yard | 17.21 | ..... | ..... |
| 389 | Yard Supplies and Expenses | 1.25 | ..... | ..... |
| 410 | Stationery and Printing | 1.23 | ..... | ..... |
| 411 | Other Expenses | .55 | ..... | ..... |
| 414 | Insurance | .09 | ..... | ..... |
| | Total | 322.85 | ..... | 6.65 |
| | General | | | |
| 451 | Salaries and Expenses of General Officers | 4.35 | ..... | ..... |
| 452 | Salaries and Expenses of Clerks and Attendants | 16.36 | ..... | ..... |
| 453 | General Office Supplies and Expenses | 1.03 | ..... | ..... |
| 454 | Law Expenses | 2.17 | ..... | ..... |
| 455 | Insurance | .04 | ..... | ..... |
| 458 | Stationery and Printing | .79 | ..... | ..... |
| 460 | Other Expenses | .95 | ..... | ..... |
| | Total | 25.69 | ..... | .53 |
| | Summary | | | |
| | M. of W. & S. | 126.40 | ..... | 2.60 |
| | M. of E. | 62.80 | ..... | 1.29 |
| | Transportation | 322.85 | ..... | 6.65 |
| | General | 25.69 | ..... | .53 |
| | Grand Total | 537.74 | 48.59 | 11.07 |

[fol. 739]

DEFENDANT'S EXHIBIT 12

Northern Pacific Railway Company

Analysis of Engine Hours and Cost per Car in Connection with Switching Operations During Week June 3rd to 9th, 1934 at Spokane, Wash.

| | | Gross engine hours | Non productive service hours | Net engine hours | Number of loaded cars handled | No. of loaded cars handled per net engine hour | Cost per net engine hour | Cost per loaded car (cents) |
|---|---|---|---|---|---|---|---|---|
| 1A | Classification—Yardley | 214.75 | ..... | 214.75 | 2705 | 12.60 | $10.87 | 86.27 |
| 1B | Classification—Erie St. | 41.83 | ..... | 41.83 | 793 | 18.96 | ..... | 57.33 |
| 2B | Transfer | 41.75 | ..... | 41.75 | 320 | 7.66 | ..... | 141.91 |
| 2B | Interchange | 28.25 | ..... | 28.25 | 775 | 27.43 | ..... | 39.63 |
| 3 | Industry | 86.58 | ..... | 86.58 | 263 | 3.04 | ..... | 357.57 |
| 4 | Freight house | 31.17 | ..... | 31.17 | 82 | 2.63 | ..... | 413.31 |
| 5 | Team Track | .33 | ..... | .33 | 16 | 48.00 | ..... | 22.65 |
| 6 | Co. coal docks and ash pits | 4.17 | .46 | 3.71 | .... | ..... | ..... | ..... |
| 7 | Passenger | 52.67 | ..... | 52.67 | .... | ..... | ..... | ..... |
| 8 | Shop switching | 37.42 | ..... | 37.42 | .... | ..... | ..... | ..... |
| 9 | Store Department | 7.00 | ..... | 7.00 | .... | ..... | ..... | ..... |
| 10 | M. of W. Department | 11.16 | ..... | 11.16 | .... | ..... | ..... | ..... |
| 11 | Weighing or ice house | 7.75 | ..... | 7.75 | .... | ..... | ..... | ..... |
| 12 | Other service | ..... | ..... | ..... | .... | ..... | ..... | ..... |
| | Meal-time, etc. | 51.50 | 51.50 | ..... | .... | ..... | ..... | ..... |
| | Total | 616.33 | 51.96 | 564.37 | .... | ..... | ..... | ..... |

[fol. 740]

Northern Pacific Railway Company

Analysis of Engine Hours and Cost per Car in Connection with Switching Operations During Week June 3rd to 9th, 1934 at Pasco, Wash.

| | | Gross engine hours | Non productive service hours | Net engine hours | Number of loaded cars handled | No. of loaded cars handled per net engine hour | Cost per net engine hour | Cost per loaded car (cents) |
|---|---|---|---|---|---|---|---|---|
| 1A | Classification | 172.00 | ..... | 172.00 | 2533 | 14.73 | $12.37 | 83.98 |
| 1B | Classification | ..... | ..... | ..... | .... | ..... | ..... | ..... |
| 2A | Transfer | 1.00 | ..... | 1.00 | .... | ..... | ..... | ..... |
| 2B | Interchange | | | | | | | |
| 3 | Industry | 13.33 | ..... | 13.33 | 22 | 1.65 | ..... | 749.70 |
| 4 | Freight house | 8.33 | ..... | 8.33 | 122 | 14.65 | ..... | 84.44 |
| 5 | Team Track | ..... | ..... | ..... | .... | ..... | ..... | ..... |
| 6 | Co. coal docks and ash pits | 3.50 | .75 | 2.75 | .... | ..... | ..... | ..... |
| 7 | Passenger | 33.83 | ..... | 33.83 | .... | ..... | ..... | ..... |
| 8 | Shop switching | 12.75 | ..... | 12.75 | .... | ..... | ..... | ..... |
| 9 | Store Department | 1.58 | ..... | 1.58 | .... | ..... | ..... | ..... |
| 10 | M. of W. Department | 1.08 | ..... | 1.08 | .... | ..... | ..... | ..... |
| 11 | Weighing or ice house | 14.00 | ..... | 14.00 | .... | ..... | ..... | ..... |
| 12 | Other service | ..... | ..... | ..... | .... | ..... | ..... | ..... |
| | Meal-time, etc. | 27.67 | 27.67 | ..... | .... | ..... | ..... | ..... |
| | Total | 289.07 | 28.42 | 260.65 | .... | ..... | ..... | ..... |

[fol. 741]

Northern Pacific Railway Company

Analysis of Engine-Hours and Cost per Car in Connection with Switching Operations
During Week June 3rd to 9th, 1934 at Yakima, Wash.

| | | Gross engine hours | Non productive service hours | Net engine hours | Number of loaded cars handled | No. of loaded cars handled per net engine hour | Cost per net engine hour | Cost per loaded car (cents) |
|---|---|---|---|---|---|---|---|---|
| 1A | Classification | 134.18 | ..... | 134.18 | 2623 | 19.55 | $11.05 | 56.52 |
| 1B | Classification | ..... | ..... | ..... | .... | ..... | ..... | ..... |
| 2A, 2B | Transfer / Interchange | 12.95 | ..... | 12.95 | 104 | 8.03 | ..... | 137.61 |
| 3 | Industry | 51.12 | ..... | 51.12 | 439 | 8.59 | ..... | 128.64 |
| 4 | Freight house | 7.17 | ..... | 7.17 | 93 | 12.97 | ..... | 85.20 |
| 5 | Team Track | 1.08 | ..... | 1.08 | 7 | 6.48 | ..... | 170.52 |
| 6 | Co. coal docks and ash pits | 1.33 | .18 | 1.15 | .... | ..... | ..... | ..... |
| 7 | Passenger | 16.72 | ..... | 16.72 | .... | ..... | ..... | ..... |
| 8 | Shop switching | 16.71 | ..... | 16.71 | .... | ..... | ..... | ..... |
| 9 | Store Department | .67 | ..... | .67 | .... | ..... | ..... | ..... |
| 10 | M. of W. Department | 1.25 | ..... | 1.25 | .... | ..... | ..... | ..... |
| 11 | Weighing or ice house | 17.93 | ..... | 17.93 | .... | ..... | ..... | ..... |
| 12 | Other service | ..... | ..... | ..... | .... | ..... | ..... | ..... |
| | Meal-time, etc | 15.67 | 15.67 | ..... | .... | ..... | ..... | ..... |
| | Total | 276.78 | 15.85 | 260.93 | .... | ..... | ..... | ..... |

[fol. 742]

Northern Pacific Railway Company

Analysis of Engine Hours and Cost per Car in Connection with Switching Operations During Week June 3rd to 9th, 1934 at Everett, Wash.

| | | Gross engine hours | Non productive service hours | Net engine hours | Number of loaded cars handled | No. of loaded cars handled per net engine hour | Cost per net engine hour | Cost per loaded car (cents) |
|---|---|---|---|---|---|---|---|---|
| 1A | Classification | 17.50 | ..... | 17.50 | 244 | 13.94 | $9.86 | 70.73 |
| 1B | Classification | ..... | ..... | ..... | .... | ..... | ..... | ..... |
| 2A<br>2B | Transfer<br>Interchange | 14.92 | ..... | 14.92 | 77 | 5.16 | ..... | 191.09 |
| 3 | Industry Log | 17.92 | ..... | 17.92 | 196 | 10.94 | ..... | 90.13 |
| | Industry Other | 27.41 | ..... | 27.41 | 139 | 5.07 | ..... | 194.48 |
| 4 | Freight house | 5.08 | ..... | 5.08 | 19 | 3.74 | ..... | 263.64 |
| 5 | Team Track | 3.08 | ..... | 3.08 | 17 | 5.52 | ..... | 178.62 |
| 6 | Co. coal docks and ash pits | ..... | ..... | ..... | .... | ..... | ..... | ..... |
| 7 | Passenger | ..... | ..... | ..... | .... | ..... | ..... | ..... |
| 8 | Shop switching | 3.33 | ..... | 3.33 | .... | ..... | ..... | ..... |
| 9 | Store Department | ..... | ..... | ..... | .... | ..... | ..... | ..... |
| 10 | M. of W. Department | ..... | ..... | ..... | .... | ..... | ..... | ..... |
| 11 | Weighing or ice house | .50 | ..... | .50 | .... | ..... | ..... | ..... |
| 12 | Other service | ..... | ..... | ..... | .... | ..... | ..... | ..... |
| | Meal-time, etc. | 9.08 | 9.08 | ..... | .... | ..... | ..... | ..... |
| | Total | 98.82 | 9.08 | 89.74 | .... | ..... | ..... | ..... |

Analysis of Engine Hours and Cost per Car in Connection with Switching Operations During Week June 3rd to 9th, 1934 at Seattle, Wash.

| | | Gross engine hours | Non productive service hours | Net engine hours | Number of loaded cars handled | No. of loaded cars handled per net engine hour | Cost per net engine hour | Cost per loaded car (cents) |
|---|---|---|---|---|---|---|---|---|
| 1 | Classification—Middle Yard | 161.72 | ..... | 161.72 | 4246 | 26.26 | $12.67 | 43.25 |
| 2 | Classification—Interbay | 36.75 | ..... | 36.75 | 709 | 19.29 | ..... | 65.68 |
| 3 | Transfer—Middle Yd. Interbay | 30.17 | ..... | 30.17 | 372 | 12.33 | ..... | 102.76 |
| 4 | Transfer—Middle Piers | 24.83 | ..... | 24.83 | 351 | 14.14 | ..... | 89.60 |
| 5 | Transfer—Middle W. Seattle | 13.13 | ..... | 13.13 | 154 | 11.73 | ..... | 108.01 |
| 6 | Transfer—Middle 2nd Ave. | 31.68 | ..... | 31.68 | 620 | 19.57 | ..... | 64.74 |
| 7 | Transfer—Middle Argo | 8.33 | ..... | 8.33 | 127 | 15.25 | ..... | 83.08 |
| 8 | Transfer—Middle Harbor Island | 11.25 | ..... | 11.25 | 153 | 13.60 | ..... | 93.16 |
| 9 | Transfer—Interbay-Lake Union Dst. | 8.17 | ..... | 8.17 | 61 | 7.47 | ..... | 169.61 |
| 10 | Transfer—Interbay Ballard & Fremont | 13.67 | ..... | 13.67 | 113 | 8.27 | ..... | 153.20 |
| 11 | Interchange—Whatcom Ave. | 19.87 | ..... | 19.87 | 500 | 25.16 | ..... | 50.36 |
| 12 | Interchange—Pacific Coast Ry. | 3.25 | ..... | 3.25 | 29 | 8.92 | ..... | 142.04 |
| 13 | Interchange—G. N. Interbay | 5.25 | ..... | 5.25 | 113 | 21.52 | ..... | 58.88 |
| 14 | Interchange—G. N. Ballard Wye | 2.17 | ..... | 2.17 | 31 | 14.29 | ..... | 88.66 |
| 15 | Industry—W. Seattle Dist. | 28.32 | ..... | 28.32 | 160 | 5.65 | ..... | 224.25 |
| 16 | Industry—Harbor Island | 47.72 | ..... | 47.72 | 182 | 3.81 | ..... | 332.55 |
| 17 | Industry—Piere | 66.08 | ..... | 66.08 | 242 | 3.66 | ..... | 346.17 |
| 18 | Industry—Shore Line | 19.42 | ..... | 19.42 | 132 | 4.67 | ..... | 271.31 |
| 19 | Industry—Argo | 8.83 | ..... | 8.83 | | | | |
| 20 | Industry—Western Ave. Dist. | 27.33 | ..... | 27.33 | 128 | 4.68 | ..... | 270.73 |
| 21 | Industry—Mill Dist. | 14.08 | ..... | 14.08 | 62 | 4.40 | ..... | 287.95 |
| 22 | Industry—Stacey St. | .58 | ..... | .58 | 1 | 1.72 | ..... | 736.63 |
| 23 | Industry—2nd Ave. | 19.00 | ..... | 19.00 | 46 | 2.42 | ..... | 523.55 |
| 24 | Industry—Interbay Dist. | 12.83 | ..... | 12.83 | 57 | 4.44 | ..... | 285.36 |
| 25 | Industry—Fremont | 21.50 | ..... | 21.50 | 87 | 4.05 | ..... | 312.84 |
| 26 | Industry—Lake Union | 16.08 | ..... | 16.08 | 64 | 3.98 | ..... | 318.34 |
| 27 | Frt. Hse. & Team Track—King St. | 66.83 | ..... | 66.83 | 538 | 8.05 | ..... | 157.39 |
| 28 | Weighing cars | 4.82 | ..... | 4.82 | 63 | 13.07 | ..... | 96.94 |
| 29 | Repair track—Middle Yard | 25.83 | ..... | 25.83 | .... | ..... | ..... | ..... |
| 30 | Co. coal docks & Ash Pits | 10.77 | 4.11 | 6.66 | .... | ..... | ..... | ..... |
| 31 | Meal time, etc. | 114.91 | 114.91 | ..... | .... | ..... | ..... | ..... |
| | Total | 875.17 | 119.02 | 756.15 | .... | ..... | ..... | ..... |

[fol. 744]

Northern Pacific Railway Company

Analysis of Engine Hours and Cost per Car in Connection with Switching Operations
During Week June 3rd to 9th, 1934 at Auburn, Wash.

| | | Gross engine hours | Non productive service hours | Net engine hours | Number of loaded cars handled | No. of loaded cars handled per net engine hour | Cost per net engine hour | Cost per loaded car (cents) |
|---|---|---|---|---|---|---|---|---|
| 1A | Classification | 218.17 | ..... | 218.17 | 5078 | 23.28 | $12.14 | 52.15 |
| 1B | Classification | ..... | ..... | ..... | .... | ..... | ..... | ..... |
| 2A | Transfer | ..... | ..... | ..... | .... | ..... | ..... | ..... |
| 2B | Interchange | ..... | ..... | ..... | .... | ..... | ..... | ..... |
| 3 | Industry | 21.83 | ..... | 21.83 | 56 | 2.57 | ..... | 472.37 |
| 4 | Freight house | 3.58 | ..... | 3.58 | 7 | 1.96 | ..... | 619.39 |
| 5 | Team Track | 1.58 | ..... | 1.58 | 10 | 6.33 | ..... | 191.79 |
| 6 | Co. coal docks and ash pits | 3.42 | .68 | 2.74 | .... | ..... | ..... | ..... |
| 7 | Passenger | 4.75 | ..... | 4.75 | .... | ..... | ..... | ..... |
| 8 | Shop switching | 36.58 | ..... | 36.58 | .... | ..... | ..... | ..... |
| 9 | Store Department | 2.92 | ..... | 2.92 | .... | ..... | ..... | ..... |
| 10 | M. of W. Department | 2.67 | ..... | 2.67 | .... | ..... | ..... | ..... |
| 11 | Weighing or ice house | 30.92 | ..... | 30.92 | .... | ..... | ..... | ..... |
| 12 | Other service | ..... | ..... | ..... | .... | ..... | ..... | ..... |
| | Meal-time, etc | 26.92 | 26.92 | ..... | .... | ..... | ..... | ..... |
| | Total | 353.34 | 27.60 | 325.74 | ..... | ..... | ..... | ..... |

[fol. 745]

Northern Pacific Railway Company

Analysis of Engine Hours and Cost per Car in Connection with Switching Operations
During Week June 3rd to 9th, 1934 at Tacoma, Wash.

| | | Gross engine hours | Non productive service hours | Net engine hours | Number of loaded cars handled | No. of loaded cars handled per net engine hour | Cost per net engine hour | Cost per loaded car (cents) |
|---|---|---|---|---|---|---|---|---|
| 1A | Classification—Head of Bay | 232.84 | ..... | 232.84 | 3326 | 14.28 | $11.93 | 83.54 |
| 1B | Classification—Half Moon | 16.33 | ..... | 16.33 | 321 | 19.66 | ..... | 60.68 |
| 2A | Transfer | 46.00 | ..... | 46.00 | 508 | 11.04 | ..... | 108.06 |
| 2B | Interchange | 46.33 | ..... | 46.33 | 250 | 5.40 | ..... | 220.93 |
| 3 | Industry | 167.33 | ..... | 167.33 | 1205 | 7.20 | ..... | 165.69 |
| 4 | Freight house | 12.58 | ..... | 12.58 | 168 | 13.35 | ..... | 89.36 |
| 5 | Team Track | 5.08 | ..... | 5.08 | 22 | 4.33 | ..... | 275.52 |
| 6 | Co. coal docks and ash pits | 1.75 | .40 | 1.35 | .... | ..... | ..... | ..... |
| 7 | Passenger | 38.17 | ..... | 38.17 | .... | ..... | ..... | ..... |
| 8 | Shop switching | 10.08 | ..... | 10.08 | .... | ..... | ..... | ..... |
| 9 | Store Department | .67 | ..... | .67 | .... | ..... | ..... | ..... |
| 10 | M. of W. Department | 1.00 | ..... | 1.00 | .... | ..... | ..... | ..... |
| 11 | Weighing or ice house | 11.17 | ..... | 11.17 | .... | ..... | ..... | ..... |
| 12 | Other service | ..... | ..... | ..... | .... | ..... | ..... | ..... |
| | Helping road train | .58 | ..... | .58 | .... | ..... | ..... | ..... |
| | Meal-time, etc. | 60.00 | 60.00 | ..... | .... | ..... | ..... | ..... |
| | Total | 649.91 | 60.40 | 589.51 | .... | ..... | ..... | ..... |

[fol. 746] Northern Pacific Railway Company

Analysis of Engine Hours and Cost per Car in Connection with Switching Operations During Week June 3rd to 9th, 1934 at Centralia, Wash.

| | | Gross engine hours | Non productive service hours | Net engine hours | Number of loaded cars handled | No. of loaded cars handled per net engine hour | Cost per net engine hour | Cost per loaded car (cents) |
|---|---|---|---|---|---|---|---|---|
| 1A | Classification | 53.08 | ..... | 53.08 | 817 | 15.39 | $13.13 | 85.32 |
| 1B | Classification | ..... | ..... | ..... | .... | ..... | ..... | ..... |
| 2A | Transfer | ..... | ..... | ..... | .... | ..... | ..... | ..... |
| 2B | Interchange | ..... | ..... | ..... | .... | ..... | ..... | ..... |
| 3 | Industry | 10.92 | ..... | 10.92 | 21 | 1.92 | ..... | 683.85 |
| 4 | Freight house | 8.83 | ..... | 8.83 | 124 | 14.04 | ..... | 93.52 |
| 5 | Team Track | ..... | ..... | ..... | .... | ..... | ..... | ..... |
| 6 | Co. coal docks and ash pits | ..... | ..... | ..... | .... | ..... | ..... | ..... |
| 7 | Passenger | 3.50 | ..... | 3.50 | .... | ..... | ..... | ..... |
| 8 | Shop switching | ..... | ..... | ..... | .... | ..... | ..... | ..... |
| 9 | Store Department | ..... | ..... | ..... | .... | ..... | ..... | ..... |
| 10 | M. of W. Department | 3.92 | ..... | 3.92 | .... | ..... | ..... | ..... |
| 11 | Weighing or ice house | .33 | ..... | .33 | .... | ..... | ..... | ..... |
| 12 | Other service | ..... | ..... | ..... | .... | ..... | ..... | ..... |
| | Meal-time, etc | 18.17 | 18.17 | ..... | .... | ..... | ..... | ..... |
| | Total | 98.75 | 18.17 | 80.58 | .... | ..... | ..... | ..... |

[fol. 747]

Northern Pacific Railway Company

Analysis of Engine Hours and Cost per Car in Connection with Switching Operations During Week June 3rd to 9th, 1934 at Aberdeen, Wash.

| | | Gross engine hours | Non productive service hours | Net engine hours | Number of loaded cars handled | No. of loaded cars handled per net engine hour | Cost per net engine hour | Cost per loaded car (cents) |
|---|---|---|---|---|---|---|---|---|
| 1A | Classification | ..... | ..... | ..... | .. | ..... | ..... | ..... |
| 1B | Classification | ..... | ..... | ..... | .... | ..... | ..... | ..... |
| 2A | Transfer | ..... | ..... | ..... | .... | ..... | ..... | ..... |
| 2B | Interchange | ..... | ..... | ..... | .... | ..... | ..... | ..... |
| 3 | Industry | 42.08 | ..... | 42.08 | 104 | 2.47 | $8.53 | 345.34 |
| 4 | Freight house | 2.83 | ..... | 2.83 | 29 | 10.25 | ..... | 83.22 |
| 5 | Team Track | .17 | ..... | .17 | .... | ..... | ..... | ..... |
| 6 | Co. coal docks and ash pits | ..... | ..... | ..... | .... | ..... | ..... | ..... |
| 7 | Passenger | 1.42 | ..... | 1.42 | .... | ..... | ..... | ..... |
| 8 | Shop switching | ..... | ..... | ..... | .... | ..... | ..... | ..... |
| 9 | Store Department | ..... | ..... | ..... | .... | ..... | ..... | ..... |
| 10 | M. of W. Department | 1.83 | ..... | 1.83 | .... | ..... | ..... | ..... |
| 11 | Weighing or ice house | 4.75 | ..... | 4.75 | .... | ..... | ..... | ..... |
| 12 | Other service | ..... | ..... | ..... | .... | ..... | ..... | ..... |
| | Meal-time, etc | 2.83 | 2.83 | ..... | .... | ..... | ..... | ..... |
| | Total | 55.91 | 2.83 | 53.08 | .... | ..... | ..... | ..... |

[fol. 748]

Northern Pacific Railway Company

Analysis of Engine Hours and Cost per Car in Connection with Switching Operations During Week June 3rd to 9th, 1934 at Hoquiam, Wash.

| | | Gross engine hours | Non productive service hours | Net engine hours | Number of loaded cars handled | No. of loaded cars handled per net engine hour | Cost per net engine hour | Cost per loaded car (cents) |
|---|---|---|---|---|---|---|---|---|
| 1A | Classification | 8.08 | ..... | 8.08 | 103 | 12.75 | $11.07 | 86.82 |
| 1B | Classification | ..... | ..... | ..... | .... | ..... | ..... | ..... |
| 2A | Transfer | ..... | ..... | ..... | .... | ..... | ..... | ..... |
| 2B | Interchange | ..... | ..... | ..... | .... | ..... | ..... | ..... |
| 3 | Industry | 31.92 | ..... | 31.92 | 46 | 1.44 | ..... | 768.75 |
| 4 | Freight house | 2.75 | ..... | 2.75 | 33 | 12.00 | ..... | 92.25 |
| 5 | Team Track | ..... | ..... | ..... | .... | ..... | ..... | ..... |
| 6 | Co. coal docks and ash pits | ..... | ..... | ..... | .... | ..... | ..... | ..... |
| 7 | Passenger | 2.50 | ..... | 2.50 | .... | ..... | ..... | ..... |
| 8 | Shop switching | 2.17 | ..... | 2.17 | .... | ..... | ..... | ..... |
| 9 | Store Department | ..... | ..... | ..... | .... | ..... | ..... | ..... |
| 10 | M. of W. Department | ..... | ..... | ..... | .... | ..... | ..... | ..... |
| 11 | Weighing or ice house | 1.17 | ..... | 1.17 | .... | ..... | ..... | ..... |
| 12 | Other service | ..... | ..... | ..... | .... | ..... | ..... | ..... |
| | Meal-time, etc | 2.16 | 2.16 | ..... | .... | ..... | ..... | ..... |
| | Total | 50.75 | 2.16 | 48.59 | .... | ..... | ..... | ..... |

[fol. 749] DEFENDANT'S EXHIBIT 13

Northern Pacific Railway Company

Cost of Switching for Cars Moving in Intrastate Traffic, State of Washington, (Log Traffic) During Period October 22 to 28, Inclusive, 1933, Based on Terminal Cost Study for Period Indicated.

Station See below From June 3, 1934 To June 9, 1934

| | Elements of Switching Service Performed | Cost per car | No. of cars (see note) | Total Costs |
|---|---|---|---|---|
| Yakima | 1–3 | $1.8516 | 64 | $118.50 |
| Everett | 1–3 | 1.6086 | 335 | 538.88 |
| Tacoma | 1A | .8354 | 5 | 4.18 |
| | 1A–3 | 2.4923 | 633 | 1,577.63 |
| Centralia | 1–1 | 1.7064 | 1 | 1.71 |
| | 1 | .8532 | 1 | .85 |
| Hoquiam | 1 | .8682 | 42 | 36.46 |
| Total | | | 1,106 | $2,278.21 |
| Average per Car | | | | 2.06 |

Note: Total number of cars as shown includes certain cars which received no terminal handlings, and excludes duplications.

[fol. 750] Northern Pacific Railway Company

Cost of Switching for Cars Moving in Intrastate Traffic, State of Washington, (Except Logs) During Period October 22 to 28, Inclusive, 1933, Based on Terminal Cost Study for Period Indicated.

Station Summary From June 3, 1934 To June 9, 1934

| Movement of Traffic From | To | Elements of Switching Service Performed | Cost per car | No. of cars (See Note) | Total Costs |
|---|---|---|---|---|---|
| Spokane | | | $2.60 | 146 | $380.27 |
| Pasco | | | 1.68 | 256 | 429.98 |
| Yakima | | | 1.26 | 778 | 982.76 |
| Everett | | | 2.65 | 61 | 161.50 |
| Seattle | | | 3.79 | 530 | 2,006.09 |
| Auburn | | | 1.13 | 989 | 1,114.33 |
| Tacoma | | | 2.09 | 660 | 1,379.38 |
| Centralia | | | 1.85 | 78 | 144.64 |
| Aberdeen | | | 2.68 | 37 | 99.07 |
| Hoquiam | | | 5.35 | 24 | 128.46 |
| Total | | | | 1,729 | $6,826.48 |
| Average per Car | | | | | 3.95 |

Note: Duplications in number of cars eliminated in total.

[fol. 751] Northern Pacific Railway Company

Cost of Switching for Cars Moving in Intrastate Traffic, State of Washington, (Except Logs) During Period October 22 to 28, Inclusive, 1933, Based on Terminal Cost Study for Period Indicated.

Station Spokane, Wash. From June 3, 1934 To June 9, 1934

| Movement of Traffic | | Elements of Switching Service Performed | Cost per car | No. of cars | Total Costs |
|---|---|---|---|---|---|
| From | To | | | | |
| Various | Spokane | 1A–2B | $1.2590 | 3 | $3.73 |
| | | 1A–3 | 4.4384 | 5 | 22.19 |
| | | 1B–3 | 4.1490 | 22 | 91.28 |
| | | 1B–2B | .9696 | 18 | 17.45 |
| Spokane | Various | 1A–3 | 4.4384 | 10 | 44.38 |
| | | 1A–2B | 1.2590 | 5 | 6.30 |
| | | 1B–3 | 4.1490 | 2 | 8.30 |
| | | 1B–4 | 4.7064 | 3 | 14.12 |
| | | 2A–1B | 1.9924 | 3 | 5.98 |
| | | 1A–2A | 2.2818 | 1 | 2.28 |
| | | 1B–2B | .9696 | 4 | 3.88 |
| Various passing thru Less carload | Various Spokane traffic | 1A | .8627 | 44 | 37.96 |
| | | 1B–4 | 4.7064 | 26 | 122.37 |
| Total | | | | 146 | $380.27 |
| Average per Car | | | | | 2.60 |

[fol. 752] Northern Pacific Railway Company

Cost of Switching for Cars Moving in Intrastate Traffic, State of Washington, (Except Logs) During Period October 22 to 28, Inclusive, 1933, Based on Terminal Cost Study for Period Indicated.

Station Pasco, Wash. From June 3, 1934 To June 9, 1934

| Movement of Traffic | | Elements of Switching Service Performed | Cost per car | No. of cars | Total Costs |
|---|---|---|---|---|---|
| From | To | | | | |
| Various | Pasco | 1–3 | $8.3368 | 13 | $108.38 |
| | | 1 | .8398 | 5 | 4.20 |
| Pasco | Various | 1–3 | 8.3368 | 15 | 125.05 |
| | | 1 | .8398 | 2 | 1.68 |
| Various passing thru Less carload | Various Pasco traffic | 1 | .8398 | 208 | 174.68 |
| | | 1 | .8398 | 7 | 5.88 |
| | | 1–4 | 1.6842 | 6 | 10.11 |
| Total | | | | 256 | $429.98 |
| Average per Car | | | | | 1.68 |

[fol. 753] Northern Pacific Railway Company

Cost of Switching for Cars Moving in Intrastate Traffic, State of Washington, (Except Logs) During Period October 22 to 28, Inclusive, 1933, Based on Terminal Cost Study for Period Indicated.

Station Yakima, Wash. From June 3, 1934 To June 9, 1934

| Movement of Traffic | | Elements of Switching Service Performed | Cost per car | No. of cars | Total Costs |
|---|---|---|---|---|---|
| From | To | | | | |
| Various | Yakima | 1-3 | $1.8516 | 136 | $251.82 |
| | | 1-2 | 1.9413 | 44 | 85.42 |
| | | 1-4 | 1.4172 | 1 | 1.42 |
| | | 1-5 | 2.2704 | 7 | 15.89 |
| Yakima | Various | 1-3 | 1.8516 | 22 | 40.74 |
| | | 1-4 | 1.4172 | 1 | 1.42 |
| | | 1-2 | 1.9413 | 140 | 271.78 |
| Various passing thru | Various Yakima | 1 | .5652 | 287 | 162.21 |
| | | 1-1 | 1.1304 | 120 | 135.65 |
| Less carload traffic | | 1 | .5652 | 14 | 7.91 |
| | | 1-4 | 1.4172 | 6 | 8.50 |
| Total | | | | 778 | $982.76 |
| Average per Car | | | | | 1.26 |

[fol. 754] Northern Pacific Railway Company

Cost of Switching for Cars Moving in Intrastate Traffic, State of Washington, (Except Logs) During Period October 22 to 28, Inclusive, 1933, Based on Terminal Cost Study for Period Indicated.

Station Everett, Wash. From June 3, 1934 To June 9, 1934

| Movement of Traffic | | Elements of Switching Service Performed | Cost per car | No. of cars | Total Costs |
|---|---|---|---|---|---|
| From | To | | | | |
| Various | Everett | 1-3 | $2.6521 | 30 | $79.56 |
| | | 1-5 | 2.4935 | 2 | 4.99 |
| | | 1-2 | 2.6182 | 10 | 26.18 |
| Everett | Various | 1-2 | 2.6182 | 9 | 23.56 |
| | | 1-3 | 2.6521 | 9 | 23.87 |
| Less carload traffic | | 1-4 | 3.3437 | 1 | 3.34 |
| Total | | | | 61 | $161.50 |
| Average per Car | | | | | 2.65 |

[fol. 755] Northern Pacific Railway Company

Cost of Switching for Cars Moving in Intrastate Traffic, State of Washington, (Except Logs) During Period October 22 to 28, Inclusive, 1933, Based on Terminal Cost Study for Period Indicated.

Station Seattle, Wash. From June 3, 1934 To June 9, 1934.

| Movement of Traffic | | Elements of Switching Service Performed | Cost per car | No. of cars | Total Costs |
|---|---|---|---|---|---|
| From | To | | | | |
| Various | Seattle | 1-11 | $.9861 | 38 | $37.47 |
| | | 1-4-20 | 4.0858 | 7 | 28.60 |
| | | 1-6-27 | 2.7038 | 23 | 62.19 |
| | | 1-3-2-9-26 | 7.0464 | 6 | 42.28 |
| | | 1-12 | 1.9029 | 12 | 22.83 |
| | | 1-3-2-9-25 | 6.9914 | 1 | 6.99 |
| | | 1-1-11 | 1.4686 | 8 | 11.75 |
| | | 1-1-12 | 2.3854 | 3 | 7.16 |
| | | 1-11-12 | 2.4065 | 2 | 4.81 |
| | | 1-5-15 | 3.8051 | 15 | 57.08 |
| | | 1-4-17 | 4.8402 | 16 | 77.44 |
| | | 1-3-2-24 | 5.0205 | 32 | 160.66 |
| | | 1-21 | 3.3620 | 5 | 16.81 |
| | | 1-7-18 | 4.0264 | 18 | 72.48 |
| | | 1-3-2-10-14 | 4.5855 | 8 | 36.68 |
| | | 1-3-2-10-25 | 6.8273 | 37 | 252.61 |
| | | 1-3-2-13 | 2.7557 | 3 | 8.27 |
| | | 2-10-14 | 3.0754 | 2 | 6.15 |
| | | 2-10-25 | 5.3172 | 10 | 53.17 |
| | | 1-8-16 | 4.7396 | 10 | 47.40 |
| | | 1-7-19 | 4.0264 | 2 | 8.05 |
| | | 1-6-23 | 6.3654 | 4 | 25.46 |
| | | 1-6-27-6-1-4-17 | 8.1914 | 1 | 8.19 |
| | | 1-6-27-6-1-4-20 | 7.4370 | 17 | 126.43 |
| | | 1-1-21 | 3.8445 | 1 | 3.84 |
| | | 1-1-7-18 | 4.5089 | 1 | 4.51 |
| | | 2-9-26 | 5.5363 | 1 | 5.54 |
| Seattle | Various | 1-21 | 3.3620 | 20 | 67.24 |
| | | 1-4-17 | 4.8402 | 30 | 145.21 |
| | | 1-8-16 | 4.7396 | 28 | 132.71 |
| | | 1-11 | .9861 | 19 | 18.74 |
| | | 1-3-2-10-25 | 6.8273 | 1 | 6.83 |
| | | 1-3-2-13 | 2.7557 | 31 | 85.43 |
| | | 1-3-2-24 | 5.0205 | 7 | 35.14 |
| | | 2-10-14 | 3.0754 | 1 | 3.08 |
| | | 1-12 | 1.9029 | 1 | 1.90 |
| | | 1-6-27 | 2.7038 | 1 | 2.70 |
| | | 1-7-18 | 4.0264 | 8 | 32.21 |
| | | 1-5-15 | 3.8051 | 3 | 11.42 |
| | | 1-1-11 | 1.4686 | 5 | 7.34 |
| | | 2-13 | 1.2456 | 1 | 1.25 |
| | | 1-23 | 5.7180 | 5 | 28.59 |
| Various passing thru | Various Seattle | 1-3-2 | 2.1669 | 2 | 4.33 |
| Less carload traffic | | 1-6-27 | 2.7038 | 84 | 227.12 |
| Total | | | | 530 | $2,006.09 |
| Average per Car | | | | | 3.79 |

[fol. 756] Northern Pacific Railway Company

Cost of Switching for Cars Moving in Intrastate Traffic, State of Washington, (Except Logs) During Period October 22 to 28, Inclusive, 1933, Based on Terminal Cost Study for Period Indicated.

Station Auburn, Wash. From June 3, 1934 To June 9, 1934.

| Movement of Traffic | | Elements of Switching Service Performed | Cost per car | No. of cars | Total Costs |
|---|---|---|---|---|---|
| From | To | | | | |
| Various | Auburn | 1–3 | $5.2452 | 9 | $47.21 |
| | | 1–5 | 2.4394 | 1 | 2.44 |
| Auburn | Various | 1–3 | 5.2452 | 3 | 15.74 |
| Various passing thru | Various Auburn | 1–1 | 1.0430 | 869 | 906.37 |
| Less carload traffic | | 1–1 | 1.0430 | 102 | 106.39 |
| | | 1–4 | 7.2369 | 5 | 36.18 |
| Total | | | | 989 | $1,114.33 |
| Average per Car | | | | | 1.13 |

[fol. 757] Northern Pacific Railway Company

Cost of Switching for Cars Moving in Intrastate Traffic, State of Washington, (Except Logs) During Period October 22 to 28, Inclusive, 1933, Based on Terminal Cost Study for Period Indicated.

Station Tacoma, Wash. From June 3, 1934 To June 9, 1934.

| Movement of Traffic | | Elements of Switching Service Performed | Cost per car | No. of cars | Total Costs |
|---|---|---|---|---|---|
| From | To | | | | |
| Various | Tacoma | 1A–2A–1B–3 | $4.1797 | 90 | $376.17 |
| | | 1A–3 | 2.4923 | 67 | 166.98 |
| | | 1A–2B | 3.0447 | 49 | 149.19 |
| | | 1A–2A–1B–2A–3 | 5.2603 | 16 | 84.16 |
| | | 1A–5 | 3.5906 | 1 | 3.59 |
| Tacoma | Various | 1A–3 | 2.4923 | 22 | 54.83 |
| | | 1A–2B | 3.0447 | 8 | 24.36 |
| | | 1A–1B–3 | 3.0991 | 5 | 15.50 |
| | | 1A–1B–2A–3 | 4.1797 | 25 | 104.49 |
| | | 1A–2A–3 | 3.5729 | 5 | 17.86 |
| Various passing thru | Various Tacoma | 1A | .8354 | 250 | 208.85 |
| Less carload traffic | | 1A | .8354 | 42 | 35.09 |
| | | 1A–4 | 1.7290 | 80 | 138.31 |
| Total | | | | 660 | $1,379.38 |
| Average per Car | | | | | 2.09 |

[fol. 758] Northern Pacific Railway Company

Cost of Switching for Cars Moving in Intrastate Traffic, State of Washington (Except Logs) During Period October 22 to 28, Inclusive, 1933, Based on Terminal Cost Study for Period Indicated.

Station Centralia, Wash. From June 3, 1934 To June 9, 1934.

| Movement of Traffic | | Elements of Switching Service Performed | Cost per car | No. of cars | Total Costs |
|---|---|---|---|---|---|
| From | To | | | | |
| Various | Centralia | 1–3 | $7.6917 | 8 | $61.53 |
| Centralia | Various | 1–4 | 1.7884 | 19 | 33.98 |
| Various passing thru | Various Centralia | 1 | .8532 | 33 | 28.16 |
| Less carload traffic | | 1 | .8532 | 12 | 10.24 |
| | | 1–4 | 1.7884 | 6 | 10.73 |
| Total | | | | 78 | $144.64 |
| Average per Car | | | | | 1.85 |

[fol. 759] Northern Pacific Railway Company

Cost of Switching for Cars Moving in Intrastate Traffic, State of Washington, (Except Logs) During Period October 22 to 28, Inclusive, 1933, Based on Terminal Cost Study for Period Indicated.

Station Aberdeen, Wash. From June 3, 1934 To June 9, 1934.

| Movement of Traffic | | Elements of Switching Service Performed | Cost per car | No. of cars | Total Costs |
|---|---|---|---|---|---|
| From | To | | | | |
| Various | Aberdeen | 5 | ..... | 5 | ..... |
| | | 3 | $3.4534 | 18 | $62.16 |
| Aberdeen | Various | 3 | 3.4534 | 9 | 31.08 |
| Less carload traffic | | 4 | .8322 | 7 | 5.83 |
| Total | | | | 37 | $99.07 |
| Average per Car | | | | | 2.68 |

[fol. 760] Northern Pacific Railway Company

Cost of Switching for Cars Moving in Intrastate Traffic, State of Washington, (Except Logs) During Period October 22 to 28, Inclusive, 1933, Based on Terminal Cost Study for Period Indicated.

Station Hoquiam, Wash. From June 3, 1934 To June 9, 1934.

| Movement of Traffic | | Elements of Switching Service Performed | Cost per car | No. of cars | Total Costs |
|---|---|---|---|---|---|
| From | To | | | | |
| Various | Hoquiam | 1–3 | $8.5557 | 10 | $85.56 |
| Hoquiam | Various | 1–3 | 8.5557 | 4 | 34.22 |
| Various passing thru | Various Hoquiam | 1 | .8682 | 6 | 5.21 |
| Less carload traffic | | 1 | .8682 | 4 | 3.47 |
| Total | | | | 24 | $128.46 |
| Average per Car | | | | | 5.35 |

[fols. 761-763] DEFENDANT'S EXHIBIT 46

## Northern Pacific Railway Company
## Washington
## State Statistics

## 710. RAILWAY OPERATING REVENUES EARNED WITHIN THE STATE.

[FOR ROADS MAKING OPERATING REPORTS.]

State the railway operating revenues of the respondent for the year (classified in accordance with the Uniform System of Accounts for Steam Railway Corporations), and the comparison of such revenues with those of the preceding year (showing increases in black and decreases in red) for each of the several classes. The proportion of joint traffic receipts belonging to other carriers should not be included in column (b).

| Line No. | Class of Railway Operating Revenues (a) | Total amount of revenue for the year. (b) | Comparison with total revenue of preceding year. (Increases in black, decreases in red.) (c) | Revenues Earned Within the State. On intrastate traffic. (d) | On interstate traffic. (e) | Total. (f) |
|---|---|---|---|---|---|---|
| | | $ c. | $ c. | $ c. | $ c. | $ c. |
| 1 | (101) Freight, | | | 7 761 841 22 | 6 895 206 33 | 14 657 047 55 |
| 2 | (102) Passenger, | | | 545 211 01 | 851 691 83 | 1 396 902 84 |
| 3 | (103) Excess baggage, | | | 4 886 63 | 7 633 56 | 12 520 19 |
| 4 | (104) Sleeping car, | | | 56 00 | 50 53 | 106 53 |
| 5 | (105) Parlor and chair car, | | | 5 528 08 | 8 635 60 | 14 163 68 |
| 6 | (106) Mail, | | | | 393 600 28 | 393 600 28 |
| 7 | (107) Express, | | | | 251 300 71 | 251 300 71 |
| 8 | (108) Other passenger-train, | | | 11 259 58 | 14 962 86 | 26 222 44 |
| 9 | (109) Milk, | | | 22 972 92 | 17 336 14 | 40 309 06 |
| 10 | (110) Switching, | | | 466 364 85 | | 466 364 85 |
| 11 | (111) Special service train, | | | 1 572 05 | 5 539 98 | 7 112 03 |
| 12 | (112) Other freight-train, | | | 50 462 98 | | 50 462 98 |
| 13 | (113) Water transfers—Freight, | | | 8 870 155 32 | 8 445 957 82 | 17 316 113 14 |
| 14 | (114) Water transfers—Passenger, | | | | | |
| 15 | (115) Water transfers—Vehicles and live stock, | | | | | |
| 16 | (116) Water transfers—Other, | | | | | |
| 17 | Total rail-line transportation revenue, | | | | | |
| 18 | (121) Freight, | | | | | |
| 19 | (122) Passenger, | | | | | |
| 20 | (123) Excess baggage, | | Data for columns (b) and (c) not required. | | | |
| 21 | (124) Other passenger service, | | | | | |
| 22 | (125) Mail, | | | | | |
| 23 | (126) Express, | | | | | |
| 24 | (127) Special service, | | | | | |
| 25 | (128) Other, | | | | | |
| 26 | Total water-line transportation revenue, | | | | | |
| 27 | (131) Dining and buffet, | | | 39 376 04 | 61 510 57 | 100 886 61 |
| 28 | (132) Hotel and restaurant, | | | 129 963 04 | | 129 963 04 |
| 29 | (133) Station, train, and boat privileges, | | | 4 649 24 | | 4 649 24 |
| 30 | (134) Parcel room, | | | 6 514 30 | | 6 514 30 |
| 31 | (135) Storage—Freight, | | | 3 221 31 | | 3 221 31 |
| 32 | (136) Storage—Baggage, | | | 3 444 00 | | 3 444 00 |
| 33 | (137) Demurrage, | | | 40 107 33 | | 40 107 33 |
| 34 | (138) Telegraph and telephone, | | | | 30 859 80 | 30 859 80 |
| 35 | (139) Grain elevator, | | | | | |
| 36 | (140) Stockyard, | | | | | |
| 37 | (141) Power, | | | | | |
| 38 | (142) Rents of buildings and other property, | | | 7 273 45 | | 7 273 45 |
| 39 | (143) Miscellaneous, | | | 49 974 43 | 20 523 55 | 70 497 98 |
| 40 | Total incidental operating revenue, | | | 284 523 14 | 112 893 92 | 397 417 06 |
| 41 | (151) Joint facility—Cr., | | | 2 309 99 | 48 444 37 | 50 754 36 |
| 42 | (152) Joint facility—Dr., | | | 3 353 40 | 115 082 17 | 118 435 57 |
| 43 | Total joint facility operating revenue, | | | Dr. 1 043 41 | Dr. 66 637 80 | Dr. 67 681 21 |
| 44 | Total railway operating revenues, | | | 9 153 635 05 | 8 492 213 94 | 17 645 848 99 |

50. State the rule or rules used by the respondent in assigning revenues from interstate traffic to the several States in which such traffic moves.

See note on page 707 regarding apportionment.

764-765



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813

## 720. RAILWAY OPERATING EXPENSES—CLASS I COMPANIES—WITHIN THE STATE.

[FOR COMPANIES HAVING ANNUAL OPERATING REVENUES ABOVE $1,000,000.]

State the railway operating expenses on respondent's road for the year, classifying them in accordance with the Uniform System of Accounts for Steam Railway Corporations, and analyzing them in accordance with the Commission's Rules Governing the Separation of Operating Expenses, effective on January 1, 1920. The returns against "Yard" in accounts Nos. 202–226 should be those applying to tracks in yards where a separate switching service is maintained, as provided for by instructions pertaining to those accounts in the effective Rules.

| Line No. | Name of Railway Operating Expense Account. (a) | Amount of operating expenses for the year. (b) | Expenses related solely to freight service. (c) | Expenses related solely to passenger and allied services. (d) | Expenses Related in Common to Both Freight Service and Passenger and Allied Services. Apportioned to freight service. (e) | Expenses Related in Common to Both Freight Service and Passenger and Allied Services. Apportioned to passenger and allied services. (f) | Expenses not related to either freight service or passenger and allied services. (g) |
|---|---|---|---|---|---|---|---|
| | | $ . . c. | $ . . c. | $ . . c. | $ . . c. | $ . . c. | $ . . c. |
| 1 | I. Maintenance of Way and Structures. | | | | | | |
| 2 | (201) Superintendence, | 362 107 74 | 7 199 24 | | 266 655 10 | 88 253 40 | |
| 3 | (202) Roadway maintenance—Yard, | 49 493 49 | 18 524 13 | 428 34 | 27 886 48 | 2 654 54 | |
| 4 | Roadway maintenance—Other, | 189 063 20 | | | 133 291 52 | 55 771 68 | |
| 5 | (203) Roadway—Depreciation—Yard, | | | | | | |
| 6 | Roadway—Depreciation—Other, | | | | | | |
| 7 | (204) Underground power tubes—Yard, | | | | | | |
| 8 | Underground power tubes—Other, | | | | | | |
| 9 | (205) Underground power tubes—Depreciation—Yard, | | | | | | |
| 10 | Underground power tubes—Depreciation—Other, | | | | | | |
| 11 | (206) Tunnels and subways—Yard, | 2 96 | | 2 96 | | | |
| 12 | Tunnels and subways—Other, | 19 698 33 | | | 13 454 76 | 6 243 57 | |
| 13 | (207) Tunnels and subways—Depreciation—Yard, | | | | | | |
| 14 | Tunnels and subways—Depreciation—Other, | | | | | | |
| 15 | (208) Bridges, trestles, and culverts—Yard, | 85 445 61 | 70 312 91 | Cr. 1 23 | 13 577 64 | 1 556 29 | |
| 16 | Bridges, trestles, and culverts—Other, | 229 514 55 | | | 164 377 79 | 65 136 76 | |
| 17 | (209) Bridges, trestles, and culverts—Depreciation—Yard, | | | | | | |
| 18 | Bridges, trestles, and culverts—Depreciation—Other, | | | | | | |
| 19 | (210) Elevated structures—Yard, | | | | | | |
| 20 | Elevated structures—Other, | | | | | | |
| 21 | (211) Elevated structures—Depreciation—Yard, | | | | | | |
| 22 | Elevated structures—Depreciation—Other, | | | | | | |
| 23 | (212) Ties—Yard, | 121 313 67 | 51 698 29 | 2 163 24 | 61 506 05 | 5 946 08 | |
| 24 | Ties—Other, | 392 415 15 | | | 281 269 30 | 111 145 85 | |
| 25 | (213) Ties—Depreciation—Yard, | | | | | | |
| 26 | Ties—Depreciation—Other, | | | | | | |
| 27 | (214) Rails—Yard, | 14 575 29 | 3 113 39 | 902 97 | 10 017 89 | 541 04 | |
| 28 | Rails—Other, | 61 921 25 | | | 41 665 74 | 20 255 51 | |
| 29 | (215) Rails—Depreciation—Yard, | | | | | | |
| 30 | Rails—Depreciation—Other, | | | | | | |
| 31 | (216) Other track material—Yard, | 47 548 60 | 17 411 19 | 3 748 56 | 24 535 79 | 1 853 06 | |
| 32 | Other track material—Other, | 103 830 89 | | | 74 759 18 | 29 071 71 | |
| 33 | (217) Other track material—Depreciation—Yard, | | | | | | |
| 34 | Other track material—Depreciation—Other, | | | | | | |
| 35 | (218) Ballast—Yard, | 6 759 41 | 333 91 | 396 16 | 5 720 63 | 308 71 | |
| 36 | Ballast—Other, | Cr. 2 968 27 | | | Cr. 1 972 24 | Cr. 996 03 | |
| 37 | (219) Ballast—Depreciation—Yard, | | | | | | |
| 38 | Ballast—Depreciation—Other, | | | | | | |

| | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 39 | (220) Track laying and surfacing—Yard, | | 108 | 344 | 50 | | 43 | 786 | 25 | | 3 | 650 | 61 | | 53 | 527 | 88 | | 5 | 379 | 76 | | | | |
| 40 | Track laying and surfacing—Other, | | 415 | 277 | 36 | | | | | | | | | | 288 | 892 | 44 | | 126 | 384 | 92 | | | | |
| 41 | (221) Right-of-way fences—Yard, | | | 429 | 73 | | | 266 | 81 | | | | | | | 154 | 97 | | | 7 | 95 | | | | |
| 42 | Right-of-way fences—Other, | | 7 | 257 | 71 | | | | | | | | | | 5 | 048 | 59 | | 2 | 209 | 12 | | | | |
| 43 | (222) Right-of-way fences—Depreciation—Yard, | | | | | | | | | | | | | | | | | | | | | | | | |
| 44 | Right-of-way fences—Depreciation—Other, | | | | | | | | | | | | | | | | | | | | | | | | |
| 45 | (223) Snow and sand fences and snowsheds—Yard, | | | | | | | | | | | | | | | | | | | | | | | | |
| 46 | Snow and sand fences and snowsheds—Other, | | 1 | 018 | 58 | | | | | | | | | | | 714 | 42 | | | 304 | 16 | | | | |
| 47 | (224) Snow and sand fences and snowsheds—Depreciation—Yard, | | | | | | | | | | | | | | | | | | | | | | | | |
| 48 | Snow and sand fences and snowsheds—Depreciation—Other, | | | | | | | | | | | | | | | | | | | | | | | | |
| 49 | (225) Crossings and signs—Yard, | | 30 | 825 | 92 | | 13 | 925 | 80 | | | 6 | 54 | | 15 | 599 | 08 | | 1 | 294 | 50 | | | | |
| 50 | Crossings and signs—Other, | | 28 | 193 | 08 | | | | | | | | | | 18 | 593 | 10 | | 9 | 599 | 98 | | | | |
| 51 | (226) Crossings and signs—Depreciation—Yard, | | | | | | | | | | | | | | | | | | | | | | | | |
| 52 | Crossings and signs—Depreciation—Other, | | | | | | | | | | | | | | | | | | | | | | | | |
| 53 | (227) Station and office buildings, | | 77 | 577 | 88 | | 32 | 784 | 52 | | 19 | 749 | 23 | | 17 | 190 | 66 | | 7 | 853 | 47 | | | | |
| 54 | (228) Station and office buildings—Depreciation, | | | | | | | | | | | | | | | | | | | | | | | | |
| 55 | (229) Roadway buildings, | | 8 | 551 | 54 | | | 217 | 62 | | | | | | 6 | 337 | 97 | | 1 | 995 | 95 | | | | |
| 56 | (230) Roadway buildings—Depreciation, | | | | | | | | | | | | | | | | | | | | | | | | |
| 57 | (231) Water stations, | | 38 | 403 | 91 | | | 484 | 20 | | | | | | 27 | 635 | 57 | | 10 | 284 | 14 | | | | |
| 58 | (232) Water stations—Depreciation, | | | | | | | | | | | | | | | | | | | | | | | | |
| 59 | (233) Fuel stations, | | 18 | 628 | 85 | | | 1 | 29 | | | | | | 14 | 928 | 54 | | 3 | 699 | 02 | | | | |
| 60 | (234) Fuel stations—Depreciation, | | | | | | | | | | | | | | | | | | | | | | | | |
| 61 | (235) Shops and enginehouses, | | 98 | 482 | 34 | | | 772 | 73 | | | | | | 82 | 303 | 71 | | 15 | 405 | 90 | | | | |
| 62 | (236) Shops and enginehouses—Depreciation, | | | | | | | | | | | | | | | | | | | | | | | | |
| 63 | (237) Grain elevators, | | | | | | | | | | | | | | | | | | | | | | | | |
| 64 | (238) Grain elevators—Depreciation, | | | | | | | | | | | | | | | | | | | | | | | | |
| 65 | (239) Storage warehouses, | | | | | | | | | | | | | | | | | | | | | | | | |
| 66 | (240) Storage warehouses—Depreciation, | | | | | | | | | | | | | | | | | | | | | | | | |
| 67 | (241) Wharves and docks, | | 2 | 468 | 81 | | 2 | 468 | 81 | | | | | | | | | | | | | | | | |
| 68 | (242) Wharves and docks—Depreciation, | | | | | | | | | | | | | | | | | | | | | | | | |
| 69 | (243) Coal and ore wharves, | | | 143 | 35 | | | 143 | 35 | | | | | | | | | | | | | | | | |
| 70 | (244) Coal and ore wharves—Depreciation, | | | | | | | | | | | | | | | | | | | | | | | | |
| 71 | (245) Gas producing plants, | | | 231 | 57 | | | | | | | | | | | 202 | 69 | | | 28 | 88 | | | | |
| 72 | (246) Gas producing plants—Depreciation, | | | | | | | | | | | | | | | | | | | | | | | | |
| 73 | (247) Telegraph and telephone lines, | | 64 | 565 | 15 | | | 33 | 12 | | | | | | 46 | 648 | 41 | | 17 | 883 | 62 | | | | |
| 74 | (248) Telegraph and telephone lines—Depreciation, | | | | | | | | | | | | | | | | | | | | | | | | |
| 75 | (249) Signals and interlockers, | | 60 | 885 | 07 | | | 270 | 16 | | | 992 | 34 | | 37 | 639 | 60 | | 21 | 982 | 97 | | | | |
| 76 | (250) Signals and interlockers—Depreciation, | | | | | | | | | | | | | | | | | | | | | | | | |
| 77 | (251) Power plant dams, canals, and pipe lines, | | | | | | | | | | | | | | | | | | | | | | | | |
| 78 | (252) Power plant dams, canals, and pipe lines—Depreciation, | | | | | | | | | | | | | | | | | | | | | | | | |
| 79 | (253) Power plant buildings, | | 7 | 392 | 00 | | | | | | | | | | 5 | 399 | 83 | | 1 | 992 | 17 | | | | |
| 80 | (254) Power plant buildings—Depreciation. | | | | | | | | | | | | | | | | | | | | | | | | |
| 81 | (255) Power substation buildings, | | | | | | | | | | | | | | | | | | | | | | | | |
| 82 | (256) Power substation buildings—Depreciation, | | | | | | | | | | | | | | | | | | | | | | | | |
| 83 | (257) Power transmission systems, | | 2 | 035 | 19 | | | | | | | 305 | 04 | | 1 | 504 | 27 | | | 225 | 88 | | | | |
| 84 | (258) Power transmission systems—Depreciation, | | | | | | | | | | | | | | | | | | | | | | | | |
| 85 | (259) Power distribution systems, | Cr. | | 206 | 84 | | | | | | | | | Cr. | | 203 | 76 | Cr. | | 3 | 08 | | | | |
| 86 | (260) Power distribution systems—Depreciation, | | | | | | | | | | | | | | | | | | | | | | | | |
| 87 | C forward, | | 2 | 651 | 227 | 57 | | 265 | 747 | 72 | | 32 | 344 | 76 | 1 | 738 | 863 | 61 | | 614 | 271 | 48 | | | | |

## 720. RAILWAY OPERATING EXPENSES—CLASS I COMPANIES—WITHIN THE STATE—Concluded.

| Line No. | Name of Railway Operating Expense Account. (a) | Amount of operating expenses for the year. (b) | Expenses related solely to freight service. (c) | Expenses related solely to passenger and allied services. (d) | Expenses Related in Common to Both Freight Service and Passenger and Allied Services. Apportioned to freight service. (e) | Expenses Related in Common to Both Freight Service and Passenger and Allied Services. Apportioned to passenger and allied services. (f) | Expenses not related to either freight service or passenger and allied services. (g) |
|---|---|---|---|---|---|---|---|
| | | $ c. | $ c. | $ c. | $ c. | $ c. | $ c. |
| 88 | Maintenance of Way and Structures—Brought forward, | 2 651 227 57 | 265 747 72 | 32 344 76 | 1 738 863 61 | 614 271 48 | |
| 89 | (261) Power line poles and fixtures | 1 438 86 | Cr. 01 | 4 05 | 1 178 17 | 256 65 | |
| 90 | (262) Power line poles and fixtures—Depreciation, | | | | | | |
| 91 | (263) Underground conduits, | 1 607 00 | | | 1 406 61 | 200 39 | |
| 92 | (264) Underground conduits—Depreciation, | | | | | | |
| 93 | (265) Miscellaneous structures, | | | | | | |
| 94 | (266) Miscellaneous structures—Depreciation, | | | | | | |
| 95 | (267) Paving, | 16 418 75 | 878 84 | | 13 852 41 | 1 687 50 | |
| 96 | (268) Paving—Depreciation, | | | | | | |
| 97 | (269) Roadway machines, | 22 269 25 | 1 342 55 | | 15 497 97 | 5 428 73 | |
| 98 | (270) Roadway machines—Depreciation, | | | | | | |
| 99 | (271) Small tools and supplies, | 34 347 45 | 1 947 95 | | 24 584 57 | 7 814 93 | |
| 100 | (272) Removing snow, ice, and sand, | 20 862 94 | 37 64 | | 14 427 65 | 6 397 65 | |
| 101 | (273) Assessments for public improvements, | 3 036 43 | | | 2 308 76 | 727 67 | |
| 102 | (274) Injuries to persons, | 24 332 59 | 215 00 | | 18 051 10 | 6 066 49 | |
| 103 | (275) Insurance, | 4 478 35 | | | 3 904 23 | 574 12 | |
| 104 | (276) Stationery and printing, | 4 100 65 | 29 63 | 18 01 | 3 047 85 | 1 005 16 | |
| 105 | (277) Other expenses, | 85 12 | 4 91 | | 53 51 | 26 70 | |
| 106 | Total of accounts Nos. 201 to 277, | 2 784 204 96 | 270 204 23 | 32 366 82 | 1 837 176 44 | 644 457 47 | |
| 107 | (278) Maintaining joint tracks, yards, and other facilities—Dr., | 78 813 58 | 53 834 50 | 5 698 10 | 6 525 61 | 2 755 37 | |
| 108 | (279) Maintaining joint tracks, yards, and other facilities—Cr., | 365 348 56 | 36 849 32 | 11 923 53 | 200 073 63 | 116 502 08 | |
| 109 | (280) Equalization—Way and structures, | | | | | | |
| 110 | Total—All depreciation accounts, | | | | | | |
| 111 | Total—All other maintenance of way and structure accounts, | | | | | | |
| 112 | Total maintenance of way and structures, | 2 497 669 98 | 297 189 41 | 26 141 39 | 1 643 628 42 | 530 710 76 | |
| 113 | II. Maintenance of Equipment. | | | | | | |
| 114 | (301) Superintendence, | 199 978 84 | 4 118 30 | 1 046 45 | 148 184 32 | 46 629 77 | |
| 115 | (302) Shop machinery, | 54 900 63 | Cr. 53 94 | | 40 553 44 | 14 401 13 | |
| 116 | (303) Shop machinery—Depreciation, | | | | | | |
| 117 | (304) Power plant machinery, | 10 675 03 | 39 57 | | 7 740 89 | 2 894 57 | |
| 118 | (305) Power plant machinery—Depreciation, | | | | | | |
| 119 | (306) Power substation apparatus, | | | | | | |
| 120 | (307) Power substation apparatus—Depreciation, | | | | | | |
| 121 | (308) Steam locomotives—Repairs, | 994 115 22 | 665 614 31 | 308 868 53 | 17 758 47 | 1 873 91 | |
| 122 | (309) Steam locomotives—Depreciation, | 361 888 50 | | | 257 039 81 | 104 848 69 | |
| 123 | (310) Steam locomotives—Retirements, | Cr. 2 389 18 | | | Cr. 1 707 38 | Cr. 681 80 | |
| 124 | (311) Other locomotives—Repairs, | | | | | | |
| 125 | (312) Other locomotives—Depreciation, | | | | | | |
| 126 | (313) Other locomotives—Retirements, | | | | | | |
| 127 | (314) Freight-train cars—Repairs, | 754 400 80 | 754 400 80 | | | | |
| 128 | (315) Freight-train cars—Depreciation, | 613 188 98 | 613 188 98 | | | | |
| 129 | (316) Freight-train cars—Retirements, | 10 062 93 | 10 062 93 | | | | |

| | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 130 | (317) Passenger-train cars—Repairs, | | 275 | 780 | 58 | | | | | 275 | 780 | 58 | | | | | | | | | | | | | |
| 131 | (318) Passenger-train cars—Depreciation, | | 100 | 307 | 47 | | | | | 100 | 307 | 47 | | | | | | | | | | | | | |
| 132 | (319) Passenger-train cars—Retirements, | Cr. | | 51 | 66 | | | | Cr. | | 51 | 66 | | | | | | | | | | | | | |
| 133 | (320) Motor equipment of cars—Repairs, | | | | | | | | | | | | | | | | | | | | | | | | |
| 134 | (321) Motor equipment of cars—Depreciation, | | | | | | | | | | | | | | | | | | | | | | | | |
| 135 | (322) Motor equipment of cars—Retirements, | | | | | | | | | | | | | | | | | | | | | | | | |
| 136 | (323) Floating equipment—Repairs, | | | 472 | 23 | | | | | | 472 | 23 | | | | | | | | | | | | | |
| 137 | (324) Floating equipment—Depreciation, | | | | | | | | | | | | | | | | | | | | | | | | |
| 138 | (325) Floating equipment—Retirements, | | | | | | | | | | | | | | | | | | | | | | | | |
| 139 | (326) Work equipment—Repairs, | | 48 | 066 | 01 | | | 746 | 20 | | | | | 34 | 775 | 27 | | 12 | 544 | 54 | | | | | |
| 140 | (327) Work equipment—Depreciation, | | 34 | 402 | 35 | | | | | | | | | 25 | 817 | 91 | | 8 | 584 | 44 | | | | | |
| 141 | (328) Work equipment—Retirements, | | 2 | 803 | 81 | | | | | | | | | 2 | 094 | 98 | | | 708 | 85 | | | | | |
| 142 | (329) Miscellaneous equipment—Repairs, | | | 532 | 52 | | | 223 | 19 | | | 27 | 55 | | 221 | 72 | | | 60 | 06 | | | | | |
| 143 | (330) Miscellaneous equipment—Depreciation, | | | 565 | 33 | | | | | | | | | | 444 | 86 | | | 120 | 47 | | | | | |
| 144 | (331) Miscellaneous equipment—Retirements, | | | 165 | 04 | | | | | | | | | | 129 | 87 | | | 35 | 17 | | | | | |
| 145 | (332) Injuries to persons, | | 14 | 896 | 26 | | 5 | 409 | 64 | | | 95 | 00 | 7 | 281 | 48 | | 2 | 110 | 14 | | | | | |
| 146 | (333) Insurance, | | 1 | 529 | 81 | | | 7 | 52 | | | | | 1 | 176 | 62 | | | 345 | 67 | | | | | |
| 147 | (334) Stationery and printing, | | 3 | 454 | 09 | | | 19 | 85 | | | | | 2 | 639 | 87 | | | 794 | 37 | | | | | |
| 148 | (335) Other expenses, | | | 302 | 41 | | | 4 | 33 | | | 26 | 82 | | 209 | 59 | | | 61 | 67 | | | | | |
| 149 | Total of accounts Nos. 301 to 335, | 3 | 480 | 048 | 00 | 2 | 053 | 781 | 68 | | 686 | 572 | 97 | 544 | 361 | 72 | | 195 | 331 | 63 | | | | | |
| 150 | (336) Maintaining joint equipment—Dr., | | 45 | 112 | 72 | | 27 | 961 | 16 | | 17 | 054 | 12 | | 76 | 41 | | | 21 | 03 | | | | | |
| 151 | (337) Maintaining joint equipment—Cr., | | 62 | 449 | 54 | | 23 | 964 | 93 | | 35 | 788 | 10 | 1 | 972 | 01 | | | 724 | 50 | | | | | |
| 152 | (338) Equalization—Equipment, | | | | | | | | | | | | | | | | | | | | | | | | |
| 153 | Total—All depreciation accounts, | | | | | | | | | | | | | | | | | | | | | | | | |
| 154 | Total—All other maintenance of equipment accounts, | | | | | | | | | | | | | | | | | | | | | | | | |
| 155 | Total maintenance of equipment, | 3 | 462 | 711 | 18 | 2 | 057 | 777 | 91 | | 667 | 838 | 99 | 542 | 466 | 12 | | 194 | 628 | 16 | | | | | |
| 156 | III. TRAFFIC. | | | | | | | | | | | | | | | | | | | | | | | | |
| 157 | (351) Superintendence, | | 157 | 962 | 47 | | 76 | 524 | 01 | | 39 | 605 | 18 | 18 | 709 | 87 | | 23 | 123 | 41 | | | | | |
| 158 | (352) Outside agencies, | | 302 | 711 | 88 | | 114 | 400 | 17 | | 112 | 332 | 78 | 33 | 985 | 77 | | 41 | 993 | 16 | | | | | |
| 159 | (353) Advertising, | | 126 | 423 | 86 | | | 82 | 30 | | 125 | 564 | 94 | | 347 | 31 | | | 429 | 31 | | | | | |
| 160 | (354) Traffic associations, | | 13 | 529 | 76 | | 10 | 341 | 25 | | 3 | 188 | 51 | | | | | | | | | | | | |
| 161 | (355) Fast freight lines, | | 4 | 424 | 91 | | 4 | 424 | 91 | | | | | | | | | | | | | | | | |
| 162 | (356) Industrial and immigration bureaus, | | 33 | 718 | 42 | | | | | | | | | 15 | 074 | 24 | | 18 | 644 | 18 | | | | | |
| 163 | (357) Insurance, | | | 383 | 10 | | | 21 | 36 | | | 20 | 27 | | 152 | 67 | | | 188 | 80 | | | | | |
| 164 | (358) Stationery and printing, | | 36 | 183 | 97 | | 24 | 939 | 76 | | 5 | 838 | 32 | 2 | 418 | 14 | | 2 | 987 | 75 | | | | | |
| 165 | (359) Other expenses, | | 1 | 252 | 31 | | | 419 | 46 | | | 795 | 31 | | 16 | 75 | | | 20 | 79 | | | | | |
| 166 | Total of accounts Nos. 351 to 359, | | 676 | 590 | 68 | | 231 | 153 | 22 | | 287 | 345 | 31 | 70 | 704 | 75 | | 87 | 387 | 40 | | | | | |
| 167 | IV. TRANSPORTATION—RAIL LINE. | | | | | | | | | | | | | | | | | | | | | | | | |
| 168 | (371) Superintendence, | | 238 | 272 | 95 | | 18 | 412 | 39 | | 7 | 363 | 02 | 158 | 106 | 33 | | 54 | 391 | 21 | | | | | |
| 169 | (372) Dispatching trains, | | 253 | 789 | 51 | | 3 | 598 | 12 | | | | | 122 | 204 | 58 | | 127 | 986 | 81 | | | | | |
| 170 | (373) Station employees, | 1 | 196 | 685 | 71 | | 523 | 770 | 77 | | 202 | 729 | 02 | 341 | 598 | 97 | | 128 | 586 | 95 | | | | | |
| 171 | (374) Weighing, inspection, and demurrage bureaus, | | 25 | 024 | 35 | | 25 | 024 | 35 | | | | | | | | | | | | | | | | |
| 172 | (375) Coal and ore wharves, | | | 163 | 58 | | | 163 | 58 | | | | | | | | | | | | | | | | |
| 173 | (376) Station supplies and expenses, | | 86 | 655 | 68 | | 28 | 913 | 75 | | 52 | 664 | 33 | 18 | 313 | 48 | | 6 | 764 | 12 | | | | | |
| 174 | (377) Yardmasters and yard clerks, | | 377 | 003 | 80 | | 351 | 384 | 90 | | 25 | 618 | 90 | | | | | | | | | | | | |
| 175 | (378) Yard conductors and brakemen, | | 579 | 319 | 55 | | 530 | 731 | 66 | | 48 | 587 | 89 | | | | | | | | | | | | |
| 176 | Carried forward, | | | | | | | | | | | | | | | | | | | | | | | | |

## 720. RAILWAY OPERATING EXPENSES—CLASS I COMPANIES—WITHIN THE STATE—Concluded.

| Line No. | Name of Railway Operating Expense Account. (a) | Amount of operating expenses for the year. (b) | Expenses related solely to freight service. (c) | Expenses related solely to passenger and allied services. (d) | Expenses Related in Common to Both Freight Service and Passenger and Allied Services. Apportioned to freight service. (e) | Apportioned to passenger and allied services. (f) | Expenses not related to either freight service or passenger and allied services. (g) |
|---|---|---|---|---|---|---|---|
| 177 | TRANSPORTATION—RAIL LINE—Brought forward, | $ c. | $ c. | $ c. | $ c. | $ c. | $ c. |
| 178 | (379) Yard switch and signal tenders, | 59 349 86 | 51 201 23 | 8 148 63 | | | |
| 179 | (380) Yard enginemen, | 379 616 98 | 347 924 15 | 31 692 83 | | | |
| 180 | (381) Yard motormen, | | | | | | |
| 181 | (382) Fuel for yard locomotives, | 272 658 96 | 246 734 55 | 25 924 41 | | | |
| 182 | (383) Yard switching power produced, | | | | | | |
| 183 | (384) Yard switching power purchased, | | | | | | |
| 184 | (385) Water for yard locomotives, | 6 706 93 | 6 008 55 | 698 38 | | | |
| 185 | (386) Lubricants for yard locomotives, | 2 772 79 | 2 516 10 | 256 69 | | | |
| 186 | (387) Other supplies for yard locomotives, | 4 280 17 | 3 913 46 | 366 71 | | | |
| 187 | (388) Enginehouse expenses—Yard, | 93 608 68 | 85 904 72 | 7 703 96 | | | |
| 188 | (389) Yard supplies and expenses, | 15 773 25 | 14 806 10 | 967 15 | | | |
| 189 | (392) Train enginemen, | 830 048 42 | 543 594 98 | 258 767 36 | 25 738 15 | 1 947 93 | |
| 190 | (393) Train motormen, | 24 145 38 | | 24 145 38 | | | |
| 191 | (394) Fuel for train locomotives, | 1 245 975 78 | 829 614 66 | 395 208 31 | 18 707 16 | 1 445 65 | |
| 192 | (395) Train power produced, | | | | | | |
| 193 | (396) Train power purchased, | | | | | | |
| 194 | (397) Water for train locomotives, | 33 040 08 | | | 22 453 91 | 10 586 17 | |
| 195 | (398) Lubricants for train locomotives, | 16 893 43 | 10 473 09 | 6 140 58 | 257 56 | 22 20 | |
| 196 | (399) Other supplies for train locomotives, | 12 210 31 | 7 253 66 | 4 754 28 | 185 89 | 16 48 | |
| 197 | (400) Enginehouse expenses—Train, | 269 268 58 | 185 391 56 | 78 369 14 | 5 118 82 | 389 06 | |
| 198 | (401) Trainmen, | 1 108 288 44 | 737 895 97 | 333 141 51 | 34 697 99 | 2 622 97 | |
| 199 | (402) Train supplies and expenses, | 251 555 64 | 115 265 88 | 136 285 76 | 3 76 | 24 | |
| 200 | (403) Operating sleeping cars, | | | | | | |
| 201 | (404) Signal and interlocker operation, | 59 198 82 | 1 481 37 | 1 829 13 | 34 597 56 | 21 190 76 | |
| 202 | (405) Crossing protection, | 76 221 91 | 87 25 | | 57 783 90 | 18 350 76 | |
| 203 | (406) Drawbridge operation, | 41 411 46 | 4 876 35 | | 29 247 37 | 7 287 24 | |
| 204 | (407) Telegraph and telephone operation, | 44 544 56 | 78 94 | 119 63 | 31 985 43 | 12 356 56 | |
| 205 | (408) Operating floating equipment, | 2 843 97 | | 2 843 97 | | | |
| 206 | (409) Express service, | | | | | | |
| 207 | (410) Stationery and printing, | 26 776 92 | 10 832 68 | 2 903 11 | 9 588 55 | 3 452 64 | |
| 208 | (411) Other expenses, | 18 641 87 | 15 145 52 | 895 27 | 1 921 50 | 579 58 | |
| 209 | (414) Insurance, | 1 815 29 | 366 89 | Cr. 6 20 | 1 074 57 | 380 03 | |
| 210 | (415) Clearing wrecks, | 7 418 15 | 6 351 92 | 415 80 | 506 42 | 144 01 | |
| 211 | (416) Damage to property, | 19 761 25 | 5 164 75 | 1 053 81 | 9 993 28 | 3 549 41 | |
| 212 | (417) Damage to live stock on right of way, | 19 333 22 | 3 156 75 | 4 141 22 | 8 741 97 | 3 293 28 | |
| 213 | (418) Loss and damage—Freight, | 82 108 13 | 82 108 13 | | | | |
| 214 | (419) Loss and damage—Baggage, | 60 99 | | 60 99 | | | |
| 215 | (420) Injuries to persons, | 73 110 22 | 49 503 87 | 8 890 64 | 10 877 57 | 3 838 34 | |
| 216 | Total of accounts Nos. 371 to 393, 395 to 411, and 414 to 420, | 7 856 355 57 | 4 849 652 54 | 1 653 681 61 | 943 739 02 | 409 282 40 | |

| | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 217 | (390) Operating joint yards and terminals—Dr., | | 48 | 942 | 00 | | 40 | 794 | 99 | | 3 | 611 | 47 | | 3 | 378 | 07 | | 1 | 157 | 47 | | | | | |
| 218 | (391) Operating joint yards and terminals—Cr., | | 208 | 368 | 18 | | 141 | 655 | 55 | | 59 | 353 | 00 | | 5 | 242 | 37 | | 2 | 117 | 26 | | | | | |
| 219 | (412) Operating joint tracks and facilities—Dr., | | 76 | 644 | 55 | | 40 | 140 | 70 | | 24 | 298 | 00 | | 9 | 154 | 41 | | 3 | 051 | 44 | | | | | |
| 220 | (413) Operating joint tracks and facilities—Cr., | | 217 | 174 | 56 | | 32 | 067 | 52 | | 60 | 652 | 70 | | 82 | 914 | 65 | | 41 | 539 | 69 | | | | | |
| 221 | Total transportation—Rail line, | 7 | 556 | 399 | 38 | 4 | 756 | 866 | 16 | 1 | 561 | 585 | 38 | | 868 | 114 | 48 | | 369 | 834 | 36 | | | | | |
| 222 | V. TRANSPORTATION—WATER LINE. | * | * | * | * | * | * | * | * | * | * | * | * | * | * | * | * | * | * | * | * | * | * | * | * | * |
| 223 | (431) Operation of vessels, | | | | | | | | | | | | | | | | | | | | | | | | | |
| 224 | (432) Operation of terminals, | | | | | | | | | | | | | | | | | | | | | | | | | |
| 225 | (433) Incidental, | | | | | | | | | | | | | | | | | | | | | | | | | |
| 226 | Total transportation—Water line, | | | | | | | | | | | | | | | | | | | | | | | | | |
| 227 | VI. MISCELLANEOUS OPERATIONS. | * | * | * | * | * | * | * | * | * | * | * | * | * | * | * | * | * | * | * | * | * | * | * | * | * |
| 228 | (441) Dining and buffet service, | | 152 | 230 | 57 | | | | | | 152 | 230 | 57 | | | | | | | | | | | | | |
| 229 | (442) Hotels and restaurants, | | 137 | 850 | 75 | | | | | | 52 | 196 | 11 | | 31 | 245 | 88 | | 54 | 408 | 76 | | | | | |
| 230 | (443) Grain elevators, | | | | | | | | | | | | | | | | | | | | | | | | | |
| 231 | (444) Stockyards, | | | | | | | | | | | | | | | | | | | | | | | | | |
| 232 | (445) Producing power sold, | | | | | | | | | | | | | | | | | | | | | | | | | |
| 233 | (446) Other miscellaneous operations, | | | | | | | | | | | | | | | | | | | | | | | | | |
| 234 | Total miscellaneous operations, | | 290 | 081 | 32 | | | | | | 204 | 426 | 68 | | 31 | 245 | 88 | | 54 | 408 | 76 | | | | | |
| 235 | VII. GENERAL. | * | * | * | * | * | * | * | * | * | * | * | * | * | * | * | * | * | * | * | * | * | * | * | * | * |
| 236 | (451) Salaries and expenses of general officers, | | 109 | 261 | 99 | | 10 | 238 | 32 | | 1 | 510 | 20 | | 70 | 456 | 53 | | 27 | 056 | 94 | | | | | |
| 237 | (452) Salaries and expenses of clerks and attendants, | | 395 | 302 | 65 | | 145 | 842 | 15 | | 27 | 940 | 14 | | 160 | 157 | 51 | | 61 | 362 | 85 | | | | | |
| 238 | (453) General office supplies and expenses, | | 22 | 462 | 22 | | 1 | 329 | 86 | | | 73 | 79 | | 15 | 214 | 77 | | 5 | 843 | 80 | | | | | |
| 239 | (454) Law expenses, | | 63 | 232 | 61 | | 4 | 696 | 20 | | 1 | 018 | 51 | | 41 | 592 | 30 | | 15 | 925 | 60 | | | | | |
| 240 | (455) Insurance, | | 1 | 441 | 99 | | | | | | | | | | 1 | 045 | 76 | | | 396 | 23 | | | | | |
| 241 | (456) Relief department expenses, | | | | | | | | | | | | | | | | | | | | | | | | | |
| 242 | (457) Pensions,* | | 273 | 194 | 29 | | | | | | | | | | 197 | 344 | 15 | | 75 | 850 | 14 | | | | | |
| 243 | (458) Stationery and printing, | | 21 | 490 | 20 | | 3 | 322 | 54 | | | 516 | 92 | | 12 | 752 | 87 | | 4 | 897 | 87 | | | | | |
| 244 | (459) Valuation expenses, | | 21 | 506 | 51 | | | | | | | | | | 16 | 523 | 67 | | 5 | 982 | 84 | | | | | |
| 245 | (460) Other expenses, | | 19 | 559 | 92 | | | 395 | 94 | | 1 | 024 | 04 | | 13 | 130 | 34 | | 5 | 009 | 60 | | | | | |
| 246 | Total of accounts Nos. 451 to 460, | | 927 | 452 | 38 | | 165 | 825 | 01 | | 32 | 083 | 60 | | 527 | 217 | 90 | | 202 | 325 | 87 | | | | | |
| 247 | (461) General joint facilities—Dr., | | 7 | 743 | 87 | | 7 | 010 | 66 | | | 707 | 47 | | | 16 | 78 | | | 8 | 96 | | | | | |
| 248 | (462) General joint facilities—Cr., | | 10 | 102 | 01 | | | 8 | 80 | | | 739 | 25 | | 6 | 749 | 49 | | 2 | 604 | 47 | | | | | |
| 249 | Total general expenses, | | 925 | 094 | 24 | | 172 | 826 | 87 | | 32 | 051 | 82 | | 520 | 485 | 19 | | 199 | 730 | 36 | | | | | |
| 250 | VIII. TRANSPORTATION FOR INVESTMENT—Cr., | | 24 | 653 | 23 | | 24 | 229 | 13 | | | 424 | 10 | | | | | | | | | | | | | |
| 251 | GRAND TOTAL RAILWAY OPERATING EXPENSES, | 15 | [illegible] | 893 | 55 | 7 | 491 | 583 | 44 | 2 | 778 | 965 | 47 | 3 | 676 | 644 | 84 | 1 | 436 | 699 | 80 | | | | | |

252 Operating ratio (ratio of operating expenses to operating revenues), 87.18 per cent.

State briefly the rule or rules in accordance with which expenses common to operations in two or more States are assigned to the State; if such rules are in print, file a copy thereof with this report or give reference to such copy previously filed.

NOTE:

The statements herein either of revenues or expenses attributed to Washington are misleading unless properly understood. They are necessarily based on arbitrary assumptions as follows:

Revenues contain (first) the revenues of business wholly local within the State and in addition a proportion of interstate revenues determined by the proportion of mileage which each interstate freight shipment or passenger is carried within the State.

Charges for expenses contain (first) those expenses incurred in each state that are considered wholly applicable to that state, and in addition some mileage proportion of expenses which can not be localized. Apportioning either such revenues or such expenses on a mileage basis is purely arbitrary and has been adopted for want of any other basis.

[fol. 833] IN SUPREME COURT OF WASHINGTON

Title of Action

No. 25684

STATE OF WASHINGTON, Appellant, Plaintiff,

vs.

NORTHERN PACIFIC RY. Co., Respondent, Defendant

Attorneys: G. W. Hamilton. R. G. Sharpe. L. B. da-Ponte. Robert S. Macfarlane.

Nature of Action: Thurston Co. #15415. Wright, J.

DOCKET ENTRIES

| Date | Proceedings had |
|---|---|
| 1935. | |
| Apr. 19. | Transcript. |
| May 10. | Statement of Facts. |
| 10. | Exhibits—Package in pouch. |
| May 3. | Ent'd—Set May 28—En Banc. |
| 24. | Appellant's Abstract of record (8 vol.) on shelf. |
| 24. | 25 Brief of Appellant (in #25683). |
| 25. | 25 Brief of Respondent. |
| 27. | Acknowledgment of service (of brief). |
| June 5. | 25 Respondent's sup. brief & letter re service. |
| 7. | Acknowledgment of service of resp. suppl. brief. |
| 12. | 25 Reply brief (in #25683). |
| 17. | Additional authority (in #25683) letter & (8). |
| Aug. 13. | Opinion—Reversed—En Banc. |
| Sept. 6. | Ent'd judgment 34-40 (in jacket). |
| 13. | Petition for appeal. |
| 13. | Assignment of Errors, etc. |
| 13. | Cost & supersedeas bond. |
| 13. | Order allowing appeal. |
| 13. | Citation & service. |
| 13. | Acknowledgment of service of petition, etc. |
| 13. | Statement as to jurisdiction on appeal. |
| 23. | Præcipe for record on appeal. |
| 28. | Præcipe for record—additional. |
| 30. | Appellee's præcipe for transcript on appeal (additional and includes others). |

[fol. 834] SUPREME COURT OF THE UNITED STATES

[Title omitted]

APPELLEE'S PRÆCIPE FOR TRANSCRIPT ON APPEAL

To the Clerk of the Supreme Court of the State of Washington:

In preparing the transcript on the appeal of the above case to the Supreme Court of the United States, as provided by Rule 10 of the Supreme Court of the United States, please incorporate in said transcript the following additional portions of the record:

(1) Rule XVI of the "Rules of Pleading, Procedure and Practice" adopted by the Supreme Court of the State of Washington pursuant to Chapter 118, Laws of 1925, Extraordinary Session, and effective April 1, 1931;

(2) Rules VI and VII, and Rule VIII, subdivisions 1 and 2, of the Rules of the Supreme Court of the State of Washington, and also Amendment to Rule VI which became effective March 1, 1935;

(3) Appellant's Abstract of the Record;

(4) Brief of Appellant;

(5) All entries in Appearance Docket of Supreme Court of the State of Washington relating to Appeal No. 25684 therein;

(6) The following portions of Defendants's Exhibit "8": Title page, and pages 301, 302, 508, 509, 700, 702, 703, 704, 705, 706, and 707, 904, 905 and 915;

(7) The following portions of Defendant's Exhibit "9": Title page, and pages 301, 302, 508, 509, 700, 702, 703, 704, [fol. 835] 705, 706, 707, 904, 905 and 915;

(8) Defendant's Exhibits "11," "12," and "13";

(9) The following portions of Defendant's Exhibit "46:" first page, and pages 700, 702, 703, 704, 705, 706 and 707.

(10) Appellee's Prœcipe for Transcript on Appeal.

G. W. Hamilton, Attorney General. R. G. Sharpe, Assistant Attorney General.

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[fol. 836] Clerk's certificate to foregoing transcript omitted in printing.

[fols. 837-839] SUPREME COURT OF THE UNITED STATES

STATEMENT OF POINTS TO BE RELIED UPON AND DESIGNATION AS TO PRINTING RECORD—Filed Oct. 30, 1935

Comes now appellant and adopts the assignment of errors as its statement of the points to be relied upon, and states that the whole of the record sent up from the Supreme Court of the State of Washington in accordance with the præcipe filed by appellant is necessary for consideration of the case.

Appellant attaches hereto copy of the præcipe filed by it with the Clerk of the Supreme Court of the State of Washington.

Lorenzo B. da Ponte, Robert S. Macfarlane, 909 Smith Tower, Seattle, Wash.; Dennis F. Lyons, Northern Pacific Bldg., St. Paul, Minnesota, Attorneys for Appellant.

[fol. 840] [File endorsement omitted.]

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[fol. 841] IN SUPREME COURT OF THE UNITED STATES

APPELLEE'S DESIGNATION OF ADDITIONAL PORTIONS OF THE RECORD TO BE PRINTED, AS PROVIDED BY PARAGRAPH 9, RULE 13.—Filed Nov. 4, 1935

Comes now the Appellee and designates in writing additional parts of the record which it thinks material, and which should be printed, in addition to those parts heretofore designated by Appellant, which additional parts are as follows:

| Parts of Record to be Printed | Pages of Washington Supreme Court Clerk's Transcript |
|---|---|
| (1) Appellee's Præcipe for Transcript on Appeal (Item 10 of Appellee's Præcipe) | |
| (2) Rule XVI of the "Rules of Pleading, Procedure and Practice" adopted by the Supreme Court of the State of Washington pursuant to Chapter 118, Laws of 1925, Extraordinary Session, and effective April 1, 1931 (Item 1 of Appellee's Præcipe) | 111 |
| (3) Rules VI and VII, and Rule VIII, subdivisions 1 and 2, of the Rules of the Supreme Court of the State of Washington, and also Amendment to Rule VI which | |

| Parts of Record to be Printed | Pages of Washington Supreme Court Clerk's Transcript |
|---|---|
| became effective March 1, 1935 (Item 2, of Appellee's Præcipe) | 107-110 |
| (4) All of the following portions of Appellant's Abstract of the Record (Item 3 of Appellee's Præcipe): Pages 1 to 3 inclusive, pages 30 to 274, inclusive, and page 301 | |
| (5) All of the following portions of Appellant's Brief, Volume one (Item 4 of Appellee's Præcipe): Pages 3 and 4, all of pages 12 to 21, inclusive; and the last four lines of page 190 and all of page 191 | |
| (6) All entries in Appearance Docket of Supreme Court of the State of Washington relating to Appeal No. 25684 therein (Item 5 of Appellee's Præcipe) | |
| [fol. 842] (7) The following portions of Defendant's Exhibit "8": Title page, and pages 301, 302, 508, 509, 700, 702 to 706 inclusive, and 707, 904, 905 and 915 (Item 6, of Appellee's Præcipe) | |
| (8) The following portions of Defendant's Exhibit "9": Title page, and pages 301, 302, 508, 509, 700, 702 to 707 inclusive, and 904, 905 and 915 (Item 7, of Appellee's Præcipe) | |
| (9) Defendant's Exhibits "11," "12," and "13," (Item 8, of Appellee's Præcipe) | |
| (10) The following portions of Defendant's Exhibit "46:" first page, and pages 700, 702, 703, 704, 705, 706 and 707 (Item 9, of Appellee's Præcipe) | |

Dated this 30th day of October, 1935.

G. W. Hamilton, Attorney General of State of Washington; R. G. Sharpe, Assistant Attorney General of State of Washington, Attorneys for Appellees.

[fol. 843] [File endorsement omitted.]

Endorsed on cover: File No. 40,083. Washington Supreme Court. Term No. 529. Northern Pacific Railway Company, appellant, vs. State of Washington. Filed October 19, 1935. Term No. 529, O. T., 1935.

[fol. 327] IN SUPREME COURT OF WASHINGTON

No. 25,683

STATE OF WASHINGTON, Plaintiff and Appellant,

v.

GREAT NORTHERN RAILWAY COMPANY, a Corporation, Defendant and Respondent

No. 25,684

STATE OF WASHINGTON, Plaintiff and Appellant,

v.

NORTHERN PACIFIC RAILWAY COMPANY, a Corporation, Defendant and Appellant

Appeals from the Superior Court for Thurston County

Hon. D. F. Wright, Judge

ASSIGNMENTS OF ERROR IN BRIEF OF APPELLANT

Abbreviations:

For convenience and brevity, the defendant, Great Northern Railway Company, will be herein referred to as the [fols. 328 & 329] "G. N."; the defendant, Northern Pacific Railway Company, as the "N. P."; the Interstate Commerce Commission, as the "I. C. C."; and the Department of Public Works of the State of Washington, as the "D. P. W." Unless otherwise qualified, the word "intrastate" means the traffic or business of the particular defendant both beginning and ending in the State of Washington.

[fol. 330] ASSIGNMENTS OF ERROR

Northern Pacific Case:

(NP 1) The court erred in concluding that under the State statutes and constitution, the N. P. was not permitted to renounce its intrastate business without also withdrawing from its interstate business conducted therein. (Conclusion 3, NP Ab. 297.)

(NP 2) The court erred in finding that it is not possible for the N. P. to carry its intrastate and interstate freight and passengers in different trains or by means of different facilities and employes. (Finding XV, NP Ab. 292-3.)

(NP 3) The court erred in permitting the N. P.'s witness, Peterson, to testify over objection that the same was hearsay and that the underlying data was not produced, as to the relative ton miles, revenue and average miles of haul of Washington traffic in October, 1933, and during the week of October 22, 1933, as compared with the entire year, and in refusing to strike such testimony after received. (NP Ab. 46-8.)

[fol. 331] (NP 4) The court erred in receiving in evidence N. P.'s Exhibit "7" over objection that the same was hearsay, and that the data upon which based was taken from the N. P.'s records not introduced in evidence. (NP Ab. 60.)

(NP 5) The court erred in finding that the method used by the N. P. in assigning operating expenses to its Washington properties is the method prescribed by the D. P. W., and that the expenses incurred in Washington by the N. P. were correctly stated in Finding VI. (Finding VIII-b, NP Ab. 279.)

(NP 6) The court erred in finding that plaintiff contended that the N. P. should credit part of its mail and express revenue to local business, whereas no such contention was in fact made. (Finding XII, NP Ab. 288.)

(NP 7) The court erred in finding that $221,359 or any other sum should be added to the N. P.'s intrastate passenger revenue for 1933, for intrastate mail and express, such finding being wholly unsupported by the record. (Findings IX-h, IX-i and IX-j; NP Ab. 284-5.)

[fol. 332] (NP 8) The court erred in finding that the N. P.'s intrastate passenger revenue for 1933 was any sum greater than $429,635 as shown by plaintiff's Exhibit "25." (Finding IX-j, NP Ab. 216, 285.)

(NP 9) The court erred in finding that the correct method of apportioning the N. P.'s passenger service operating expenses as between intra and interstate passenger service is in the relation of relative revenue passenger miles, and not relative gross revenues. (Finding IX-i, NP Ab. 284-5.)

(NP 10) The court erred in finding that the N. P.'s expense of intrastate passenger business for 1933 was $1,500,000, or any other sum greater than $999,381 as shown by plaintiff's Exhibit "26." (Finding IX-j, NP Ab. 285.)

(NP 11) The court erred in finding that the mileage prorate division of revenues from interstate shipments is the method prescribed by the D. P. W. and the I. C. C., and is the correct method for apportioning such revenues to Washington. (Finding VIII-a, NP Ab. 278-9.)

[fol. 333] (NP 12) The court erred in finding that the 1933 ad valorem taxes on the N. P.'s Washington operating property should not be apportioned as between intrastate and interstate traffic on a relative use (car-mileage) basis, but instead on a relative revenue basis, with interstate freight revenues apportioned to Washington on a mileage prorate basis. (Finding XII, NP Ab. 287-8.)

(NP 13) The court erred in finding that in computing the ad valorem taxes properly apportionable to the N. P.'s intrastate traffic for 1933, credit should not be allowed such traffic for the taxes contributed by the N. P.'s tenant lines. (Finding XII, NP Ab. 287-8.)

(NP 14) The court erred in finding that the N. P.'s intrastate traffic for 1933 should be charged with ad valorem taxes paid in the sum of $876,083 or any greater sum than $678,662. (Finding XI-b, NP Ab. 220-1, 287.)

(NP 15) The court erred in finding that the N. P.'s total intrastate freight operating expenses classified as "General Expenses," for the week of October 22, 1933, was [fol. 334] $5,945.44, or was any sum in excess of $4,407.89, which error was the result of the court including "pensions" as an item of operating expenses. (Finding IX-e, NP Ab. 231, 282.)

(NP 16) The court erred in finding that $530,637, or any other sum reported by the N. P. to the D. P. W. for 1933 as intrastate freight revenue was in fact interstate revenue. (Finding X, NP Ab. 286.)

(NP 17) The court erred in refusing to strike paragraph 7 of Peterson's affidavit (NP Ab. 266) to the effect that the amount of the N. P.'s interstate switching revenue for 1933 was $207,965 because not based on any record evidence before the court. (NP Ab. 270-1.)

(NP 18) The court erred in finding that the N. P.'s total intrastate freight operating expenses classified as "Traffic Expenses" for the week of October 22, 1933, was $3,086.41, or was any sum in excess of $2,366.77, as shown by Exhibit "B" attached to the affidavit of State's witness, Manschreck. (Finding IX-e, NP Ab. 262, 282.)

[fol. 335] (NP 19) The court erred in finding that the N. P.'s operating expenses incident to maintenance of way and structures should be determined by taking the annual average for three years instead of for 1933 alone, or that the N. P. had any deferred maintenance in 1933. (Finding XIII, NP Ab. 288-9.)

(NP 20) The court erred in finding that the N. P.'s total intrastate freight operating expenses classified as "Maintenance of Way and Structures," for the week of October 22, 1933, was $11,202.01, or was any sum in excess of $8,724.02 as shown by plaintiff's Exhibit "31." (Finding IX-e, NP Ab. 224, 282.)

(NP 21) The court erred in finding that the N. P.'s total intrastate freight operating expenses classified as "Freight car repairs, depreciation and retirement," for the week of October 22, 1933, was $9,552.01, or was any sum in excess of $8,372.41, as shown by plaintiff's Exhibit "32." (Finding IX-e, NP Ab. 282, 225.)

(NP 22) The court erred in finding that only $582,774, or any other sum less than $1,355,064, of the net joint facility [fol. 336] rents received by the N. P. from its Washington operating properties should be assigned to the N. P.'s intrastate operations for 1933. (Finding XIV-b, NP Ab. 289-290.)

(NP 23) The court erred in finding that the N. P.'s total intrastate freight operating expenses for the week of October 22, 1933, was $75,078.42 or any sum in excess of $69,163.64 (Finding IX-e, NP Ab. 282); that the N. P.'s cost per revenue net ton mile was .98411¢ or any greater sum than $69,163.64 divided by 7,629,079 or .906579¢, or that the N. P.'s total intrastate freight operating expenses for 1933 were $3,291,785 or any other sum greater than 334,493,591 multiplied by .906579¢, or $3,032,448.64. (Finding IX-f, NP Ab. 282-3.)

(NP 24) The court erred in finding that the N. P.'s total intrastate operating expenses for 1933, other than taxes, were $4,796,440, or any other sum greater than $999,381 plus .6064 times the amount of the N. P.'s intrastate freight revenue for 1933. (Finding XII, NP Ab. 288.)

(NP 25) The court erred in finding that the N. P.'s total intrastate operating revenues for 1933 were only $5,271,-[fol. 337] 893, or $5,493,252, or any other sum less than $5,802,530, as reported under oath by the N. P. to the D. P. W. for that year, and as alleged in its answer. (Findings X and XII, NP Ab. 286, 288; Answer, NP Ab. 15-16.)

(NP 26) The court erred in finding that the N. P.'s net earnings from intrastate business for 1933 was a deficit of $228,632.22 or any other amount less than $817,443 if joint facility rents are not included, or $1,944,907 if joint facility rents are included. (Finding XII, NP Ab. 288.)

(NP 27) The court erred in refusing to strike paragraph 4 of Peterson's affidavit (NP Ab. 264-5) to the effect that the N. P.'s intrastate operating expenses for 1933 were $251,000 greater than as shown by N. P.'s Exhibit "7," on the ground that the same was not based on any record evidence before the court. (NP St. 578-580.)

(NP 28) The court erred in finding that the N. P.'s use of the test week of October 22, 1933, to determine its intrastate operating expenses resulted in an understatement of [fol. 338] such cost for 1933 of approximately $300,000, or any other sum. (Findings IX-b and IX-g, NP Ab. 280, 283.)

(NP 29) The court erred in refusing to strike paragraph 3 of Peterson's affidavit (NP. Ab. 264) to the effect that the N. P.'s operating ratio on shipments for export was lower than on its intrastate freight traffic. (NP Ab. 271.)

(NP 30) The court erred in finding that, in proportion to revenue, the cost of the N. P.'s intrastate business is greater than the cost of such company's interstate business. (Finding IX-a, NP Ab. 279-280.)

(NP 31) The court erred in finding that the tendency in 1934 was towards a substantial decrease in the N. P.'s net revenues, that increased cost of operation would be still

greater in 1935, and that there was nothing apparent at the time said findings were made to suggest an increase in the N. P.'s gross revenues, but that the facts known suggested a decreased net income for 1935. (Finding V, NP Ab. 277; Conclusion 7, NP Ab. 298.)

[fols. 339-341] (NP 32) The court erred in finding that the N. P. cannot so increase its local rates as to meet the occupational tax. (Finding XVIII, NP Ab. 295.)

(NP 33) The court erred in finding that the N. P.'s gross revenues from intrastate steam railway business for the last five months of 1933, and the amount of the occupational tax payable thereon were the several sums set forth in Finding of Fact No. 4 (NP Ab. 276), or were any less than the several sums set forth in the N. P.'s answers to interrogatories (See NP Ab. 35), showing a total taxable amount for said months of $2,674,704.85, and the total amount of taxes payable thereon to be 1½% of said amount, or $40,120.57.

(NP 34) The court erred in concluding that Chapter 191, Laws of 1933, is void as applied to the N. P. as violative of various provisions of the federal constitutions and statutes. (Conclusion 6, NP Ab. 298.)

(NP 35) The court erred in entering judgment in favor of the N. P. (NP Ab. 300.)

[fol. 342] We respectfully submit that, for the reasons set forth in the foregoing assignments, the judgment of the lower court in each of the above causes should be reversed, and the causes remanded with instructions that judgment [fol. 343] be entered in each case for the amount of taxes due as shown by the evidence.

G. W. Hamilton, Attorney General, R. G. Sharpe, Assistant Attorney General, Attorneys for Appellants.